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TOBACCO TYCOON

The Story of James Buchanan Duke

BOOKS BY JOHN K. WINKLER

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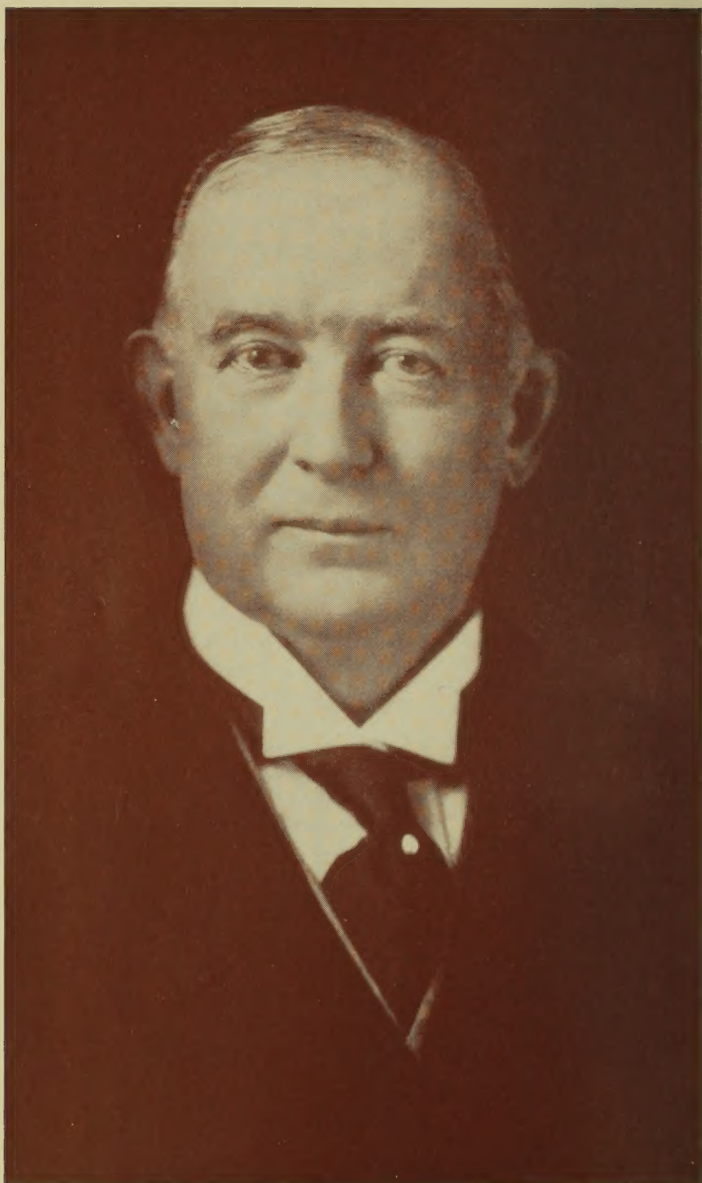
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TOBACCO TYCOON:

The Story of James Buchanan Duke



UNDERWOOD & UNDERWOOD

TOBACCO TYCOON

The Story of

JAMES BUCHANAN DUKE

by

JOHN K. ^{Emedy} WINKLER



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To
M. M. W.
The mate who steers the ship

Contents

I	Background	3
II	A Piedmont Prodigy	30
III	Cigarettes and a Salesman	47
IV	New York Triumph	59
V	The Birth of a Trust	72
VI	A Woman and Warfare	89
VII	March of Monopoly	113
VIII	World Dominion	140
IX	Scandal	165
X	A Storm Brews	190
XI	The Storm Breaks	213
XII	Of Many Things	246
XIII	The Power Magnet	269

XIV	Buck Turns Benefactor	292
XV	Curtain and Aftermath	307
	Index	327

Illustrations



James Buchanan Duke	<i>frontispiece</i>
James Buchanan Duke's birthplace	<i>facing page 20</i>
Washington Duke's first tobacco factory on his farm near Durham, N. C.	20
Washington Duke	21
Artelia Roney Duke, mother of James Buchanan Duke	21
James Buchanan Duke as a young man	36
Edward F. Small, cigarette salesman	36
Facsimile of a sales letter written by James Buchanan Duke	37
Collectors' items in the Gay Nineties	292
A tobacco men's holiday	293

James Buchanan Duke in bronze, cigar in hand, dominates the scene at Duke University	308
James Buchanan Duke's last resting place in the chapel at Duke University	309

TOBACCO TYCOON

The Story of James Buchanan Duke

Chapter I

Background

ON THIS LOWERING October day traffic was muted about the gleaming white Georgian mansion, Fifth Avenue's finest, many thought.

The Great Man—master of an industry and some two hundred million shining dollars—was dead, his huge frame resting in a casket that required ten strong men to lift. Sixty limousines, sleek and black, waited to escort him to the special train pointed toward the boyhood home which scarcely knew him but which was dutifully preparing to play its part in a process of canonization already well under way.

As the line formed, a woman mounted a knoll in Central Park, directly across the avenue. Screened by

a cluster of shrubbery, she could observe without being observed. She was no longer young, yet her closely fitting tailor-made revealed a still youthful figure, and, behind her dark veil, there lingered traces of exotic beauty.

This woman had been the Great Man's secret mistress for a dozen years, his wife for one—so close in his affection that he had named his favorite niece for her. Then he had cast her off, with public scandal, upon evidence circumstantial but cumulatively damning. Now, 1925, she eked a precarious livelihood as a teacher of music in a shabby one-room studio, which also served as living quarters, on New York's West Side.

While the leaves of autumn swirled about her, Lillian Fletcher McCredy Duke stood rigid, and her thoughts swirled too. She saw again the Great Man as she had first known him: a rawboned, ruddy young giant, pigeon-toed, vulgar, tobacco-chewing, come out of the sand hills and pine woods of North Carolina, his mind confidently, indomitably fixed upon wealth and power; saw him develop and grow into a business wizard, fighting and overcoming titans of commerce and finance (sometimes with only herself as confidante), change the smoking habits of a nation, and emerge finally as guiding genius of the entire tobacco industry with fame comparable to that of Rockefeller and Carnegie. . . .

The funeral procession was ready. The slender, dark-garbed widow and her tall, thirteen-year-old daughter, fighting for control, took their places. The police escort gave the word.

And, as James Buchanan Duke passed down the broad avenue on his last journey, the woman on the knoll, eyes blinded with tears, staggered homeward.

Within a fortnight she was dead; while Buck Duke slept beside his shrewd old farmer father in the bustling tobacco town of Durham, North Carolina.

The wheel of chance and human destiny had spun full round in the two centuries since Buck Duke's great-grandfather had cracked a bull whip over his Virginia team and pressed into a new country where land was cheap and plentiful.

Along with other soil-hungry English and Scotch-Irish pioneers, the tribe of Duke, in the middle eighteenth century, filtered across the Virginia line into the Piedmont country of North Carolina, a region of hills and valleys stretching eastward from the Appalachian Mountains toward the coastal plain. The Dukes settled in eastern Orange, later Durham, County. Not so long before, a choleric governor of Virginia had informed the British Lords of Trade that "North Carolina is and always was the sink of America, the refuge of our renegades."

Although professional genealogists have made val-

iant and costly effort to transfuse a liberal stream of blue into the blood, chances are the Dukes were neither renegades nor American off-shoots of an ancient Norman-English family of "place, fortune and position" as an official family genealogy seeks tortuously to demonstrate. Most likely they were just plain people, tenants and small farm owners, who hewed out their destiny with axe and hoe and plow.

Authentic modern records begin with Henry and Susannah — Duke, whose son, Taylor, was born in Orange County "about 1770." His photograph shows a bold, challenging eye and thin lips. Before his death in 1847 he had become an independent landowner, captain of militia and deputy sheriff. Records on file at Hillsboro, Orange County seat, reveal something of the nature of his struggle. Court minutes show his appointment in February, 1799, as a hand, along with Tyree, Hardiman and Robert Duke, to work the "road from Rocky Branch to Bennehans," and in November, 1811, to work the "road from Mountain Creek to Hunter's Ford on Flat River." In 1824, the Hillsboro records show, Taylor Duke mortgaged his farm to secure a debt of \$106 and again in September, 1825, as security for a loan of \$126 from one Jonathan Sneed.

In 1801, Taylor Duke married Dicey Jones, of nearby Granville County, whose parents had emigrated from Wales. The only known photograph of Dicey Jones, a worn, faded daguerreotype, is of a woman of

broad, imaginative brow and far-seeing, indomitable eyes. Taylor and Dicey Duke went to live on a farm, some twelve miles from Hillsboro, in what was known as the Bahama section of Orange County. Their sturdy little house, built of heart of pine boards with oak foundation, still stands, its windows now lined with uneven but still serviceable hand-rolled glass upward of a hundred years old. In its five small rooms were born and reared ten children. Observing the cramped quarters today, one wonders how such a feat was possible.

Exact data upon the Taylor-Dicey progeny were lacking until recent years when discovery of a loose-leaf record in an old family Bible furnished the names and the date when each child was "borned": William J. Duke, July 18, 1803; Mary, August 22, 1805; Reany, December 20, 1807; Amelia, March 8, 1809; Kirkland R., June 6, 1812; Malinda, March 13, 1815; John Taylor, March 22, 1818; Washington, December 18, 1820; Doctor Brodie, September 27, 1823; Robert, April 29, 1825.

In this section, where there was but one slave-owning plantation within a dozen miles, each farm was self-sustaining and toil was incessant. The principal crop was grain, wheat and corn, which was ground at the nearest grist mill, the miller taking his tithe. For ready money, the farmer planted a few acres in cotton and tobacco. Collards, turnips, sweet potatoes were the vegetable staples; chickens, sheep and hogs, the meats.

Cows supplied milk and butter. Cotton and woolen garments were fashioned with the aid of spinning wheel and hand loom. A ready-made store suit was beyond the farm boy's dream, as remote as silk and satin for the farm girl. Opportunities for an education were equally limited, though Taylor and Dicey Duke appear to have managed enough schooling to give their brood a smattering of the three R's.

The farm people, in this barren intellectual atmosphere, turned to religion, both as a social and emotional outlet. Their religion was deep, primitive, personal. Even those who could not read a word of Scripture believed in the Bible from cover to cover as God's literal revelation. Sundays they dressed in their best, loaded children and victuals into wagons and buggies and drove to the nearest log meeting house to attest their faith. Only the town churches could afford permanent pastors. The countryside was served by itinerant circuit riders who took their pay in food, lodging and occasional good-will offerings. "Chicken eaters" they were sometimes called because the country women always saved their plumpest fowl for them. Whether Baptist or Methodist, however, their zeal for soul saving was as prodigious as their appetites. Tall, gaunt men for the most part, with blazing, fanatical eyes, they were awesome in action as they painted the pleasures of paradise, the searing horrors of hell.

Some of these circuit riders were duly ordained min-

isters. Others were lay preachers or "exhorters" who sprang spontaneously to the front through sheer force of leadership and forensic gifts.

One of these was Taylor Duke's eldest son, William J., or Uncle Billy, as he is still remembered in the region.

Converted in early boyhood by a roaming Methodist evangelist, Billy Duke became a flaming "exhorter" and set a family pattern that eventually was to mean millions to the Methodist Episcopal Church, South. "Uncle Billy of the Old Ship" they called him in later life because of his delight in roaring forth "The Old Ship of Zion" at revival and camp meetings.

This backwoods John Wesley was a little man with large hands, feet and ears, keen blue eyes and a huge mouth. There's a joke still afloat about the size of his mouth; it seems Billy always chewed tobacco, and just before launching into one of his fearsome harangues he'd get rid of his cud. On one occasion a curious member of the congregation turned the chew over with his foot and swore it contained two "hands" (nearly a pound) of tobacco.

Another time, Billy was praying for rain after a long dry spell. He described at length the parched earth and dust-laden foliage. "Lord," he begged, "send us some rain. We need it bad, bad."

Then, evidently a little worried lest the Deity underestimate the gravity of the situation, the exhorter

dropped again upon his knees, spread both hands high and added:

“And Lord, when you do send us rain, don’t send us one of those little gully-washers. Lord, send us a regular sizzle-sozzle.”

An anecdote illustrating the fervor of Billy Duke’s praying comes from a very old neighborhood farmer:

“As a boy I was out possum hunting one night. It was pitch dark in the woods and the dogs had gone on ahead. It was lonely and deadly quiet. Suddenly I came upon Billy Duke praying to himself. And I tell you, my hair just riz up on my head.”

Even in boyhood, Billy Duke had the missionary spirit. The tale of his rescue of Jimmy Stagg, the waif, as it has been handed down through three generations, goes far to explain why old timers still insist that Billy was “the best of the Dukes”:

About 1800 a newly married young couple, James and Julia Stagg, came over from England and settled near the Dukes. In due course they had a son, Jimmy, and he and Billy Duke played together and became comrades. When Jimmy was about five, his father was notified that he had been left some property in England, but that it would be necessary for him to claim it in person. The father made his way to New Bern, 135 miles away on the coast and took passage on a ship sailing for Liverpool. The vessel was lost and no trace was ever found of the elder Stagg.

The wife struggled on for two or three years, running the farm with the aid of neighbors, and even operating a small inn for stagecoach passengers. However, she was unsuccessful and finally decided to return to England and live with relatives. Taking the boy, now eight, with her, she also set out for New Bern. Here she contracted typhoid fever and died, leaving her son a waif on the streets of the rough port.

How the orphan lad managed to survive no one knows, but survive he did until the following fall, when Taylor Duke took a hogshead of tobacco and his son Billy to New Bern market. Near the dock one day Billy spotted a boy, tattered and unkempt, whom he recognized as Jimmy Stagg. They fell into each other's arms, and Billy led Jimmy to his father and begged so hard that Jimmy be taken home with them that Taylor Duke consented. Thereafter, James Stagg was brought up as one of the Duke children until he was old enough to be apprenticed to a neighboring farmer. Later he married Billy's sister, Mary Duke, and he lies today in the old Duke burial ground out in the country.

During the hot days of August, when the crops were maturing, the Methodists would feel a stirring of the spirit. They would gather in rude arbors under old oaks and hold revival meetings. Preaching went on for days at a time with one theme—the wrath of God, the fires of hell, the blessings of heaven. Blazing wood

fires would light the scene at night and stir emotions to fever heat.

"As we speak of those old-time camp meetings," recalls Rev. W. L. Grissom, "it is of a great arbor we think, with lightwood fires blazing all around it, the sound of a trumpet, the gathering of a great congregation while all joined in singing some old Methodist hymn that was an inspiration to all present. The preacher delivered his sermon with great power and the cries of the penitents and the shouts of the saints were heard until a late hour of the night. These are hallowed memories."

In a setting eerie as this, in 1830, a small boy, his face working with emotion, sat on a rough pine bench and squirmed uneasily as he heard the exhorter shout: "Sinner, repent, repent, repent." Finally the boy rose on swaying legs and announced, amid a thunderous chorus of "hallelujah" and "amen, brother," that he had wrestled with his sins and was now ready to be purified and to come to God. This youthful brand, plucked from the burning, was Washington Duke, aged ten. None rejoiced over the new convert more heartily than his older brother, Billy.

By this time Billy Duke had married and struck out for himself, taking over a section of land in a part of the county known as Bragtown. He needed help and, according to the custom of the times, his father "bound

over" to him two of his brothers, Wash (as the family called him) and the next oldest boy, John Taylor.

The bound boy's lot was sometimes pleasant, more often not, depending upon the disposition and decency of the master to whom he was apprenticed. The system was really a form of peonage. In return for board and lodging and a meager allowance of made-over clothing, the bound boy worked from crack of dawn until bedtime at an endless round of farm chores. Under brother Billy, too, the boys got a double dose of fundamental Methodism. Little Wash was a docile follower; not so John Taylor, two years older. He and brother Billy didn't gee.

One day John told Wash he was going to run away and said Wash could come too if he wished. Horrified at this breach of authority, Wash refused. But he did not peach, and that night in the garret room occupied by the brothers John Taylor made a bundle of his clothing, whispered good-bye and disappeared down the lane leading to the main road. The brothers were not to meet until thirty-odd years later, when a grave, bearded man stopped a schoolgirl at the door of a Tennessee farm house and asked if John Taylor Duke lived there.

Before the runaway tried his luck in Tennessee, he wandered about the Carolinas for years, hoboing and doing odd jobs. Picking up the trade of bricklaying, he worked for a time on the State Capitol in Raleigh

and in other places. But, though he married and reared a family and prospered, he kept his whereabouts a secret for many years. Two of his daughters live today in Durham.

There were other changes in the family. Reany and Amelia Duke married neighboring farmers: John Clinton and James Riggs. The second son, Kirkland, and his brother Doctor Brodie (the first given name was by no means uncommon in the section) went South to tempt fortune, eventually establishing a shipping and mercantile business in Palatka, Florida. Both died at comparatively early ages, bachelors; and it was Wash who found and marked their graves. By the late 1830's only the youngest daughter, Malinda, and the youngest son, Robert, remained with their parents on the farm.

Meanwhile, Washington Duke was helping his brother Billy develop the latter's acres into some of the most productive in the county. Lean and wiry, Wash could do the work of two men. Years later he was to say: "I have plowed more furrows in God's earth than any man of my age in North Carolina." Wash was solemn, thorough, inclined to silence and spoken of in the neighborhood as possessing a bucket of good, sound sense.

Deeply interested in his brother's expanding religious activities, Wash helped build a retreat, "Duke's Arbor," where camp meetings and revivals were held.

Sometimes scores of families were bivouacked near by, and Billy Duke was in his element, singing, shouting and exhorting sinners one and all to "get happy." Later the zealous little man set aside an acre of land and, with the aid of neighbors, put up a meeting house called "Hebron." This was a log structure, thirty by thirty-five feet, covered with rough boards. Wooden shutters took the place of windows, and instead of a stove there was a huge fireplace. Uncle Billy of the Old Ship would be astonished if he could see the modern Gothic structure on the site today, erected by one of his nephews.

Uncle Billy rode circuit all over the county, never missing an opportunity to preach and pray. Still in existence is a huge trunk which he crammed with provisions before starting a round of camp meetings. These gone, he would send his wagon back for more, for Billy believed in feeding his penitents. He often appeared at Orange Grove church and school which, in 1834, had been burned by one Jefferson Dillard, atheist. "After the perpetration of this diabolical deed," notes a local historian, "and finding his life placed in jeopardy by an outraged and incensed community, the vile miscreant ran away and has not been heard of since." However, the church was rebuilt and eventually became Trinity M. E. Church in Durham.

Among the older families of the countryside tales have come down and are still told about Billy Duke. Once the energetic little man was working in the fields

when a slick insurance agent, driving through from Raleigh, sought to sell him a policy on his life. Uncle Billy quizzically surveyed his own small body.

"What," he said, "insure this? Why, brother, it ain't worth insuring. But if you'll write me out some insurance on my soul, why, maybe we can talk business."

In his orations Billy Duke listed rum among the major evils of mankind, though he saw no inconsistency in an occasional personal nip from his own "jimmiejohn" of apple brandy. Wash, however, never indulged, and his reputation for industry and sobriety stood him in good stead when he began courting Mary Caroline Clinton. Among the numerous Clintons were one or two boys the neighborhood set down as "wild," and farmer Jesse Clinton and his wife Rachel approved the idea of a steady young man as prospective son-in-law, and demonstrated their approval in concrete manner. As a rule, a penniless young man had to go through a long period of tenant farming before he could hope to finance a home. Now, however, Mr. Clinton helped out by offering the couple a plot of land on his own broad acres and a small cottage in which to begin housekeeping. The wedding took place in the Clinton home August 8, 1842.

The marriage was short-lived. Mary Clinton Duke died in November, 1847, leaving two boys: Sydney T.,

born in 1845 and Brodie Lawrence, born September 17, 1846.

That same year, 1847, Taylor Duke also died, and his widow, with her children Malinda and Robert, went to live with her eldest son. Dicey Jones Duke was to survive her husband thirteen years. Billy of the Old Ship, though he now had several children of his own, cheerfully welcomed the newcomers. Wash's motherless boys were taken into the Clinton home.

A widower at twenty-seven, Washington Duke continued to farm successfully and in his loneliness turned more strongly toward religion. "If I amount to anything it's due to the Methodist Church," he often said in later years. Each Sunday found him at Hebron Church and he frequently accompanied Billy Duke on the latter's evangelical missions.

On one of these excursions in 1851 Wash found himself at Pisgah Church in near-by Alamance County. His eye was attracted by a comely young woman singing in the choir. "She was the prettiest woman I ever saw," he said later, and with emphasis. Soon he was calling regularly upon Miss Artelia Roney, one of the twelve children of John and Mary Trollinger Roney, whose home was at Big Falls, now Hopedale Mills.

All the following summer and fall Washington Duke spent building a house on a tract of land he had purchased several miles west of Billy Duke's place. It was a frame house made of hand-dressed heart pine

boards and contained six rooms, with rough paneled walls and ceilings. Two upstairs bedrooms were reached by a narrow stairway circling a huge chimney. A log cook house was some distance in the rear. There was a barn and a spring house some two hundred yards south of the main house. The spring water was later discovered to contain valuable mineral properties.

The amount of toil put into the place by the owner and volunteer helpers was prodigious, but by snow-fall the new homestead was ready and, December 9, 1852, Artelia Roney and Washington Duke were married in the Roney home. That Christmas must have been a happy one for the young farmer, reunited with his two tiny sons and with a pretty, singing wife presiding over his hearth. In the chimney mantel are still marks of the nails from which Christmas stockings were hung.

Before another holiday rolled around, Artelia Duke presented her husband with their first child, a girl, who was named Mary for her Aunt Stagg. Two years later, in 1855, came a son, Benjamin Newton; and on December 23, 1856, arrived another son who was destined to lift the family from its drab, undistinguished backwoods environment into world prominence.

This boy was called James Buchanan Duke in honor of the veteran Pennsylvania Democrat who, that fall, had been elected President of the United States. It was the last time the family was to go Democratic.

Hereafter the two boys of Washington Duke's "second" family were known as Buck and Ben. Ben was dark, delicate, prone to colds and endemic illnesses; Buck, red-headed, light-eyed, was strong and lusty as a young bull, though pigeon-toed almost to a point of deformity.

However, Artelia Duke was not fated to see either grow much beyond the walking stage. Typhoid fever was the curse of the countryside, and, in the early summer of 1858, Sydney Duke was stricken. Day and night, for many weeks, the young stepmother nursed the fourteen-year-old boy, but could not save him. Soon after his death she, too, began to feel weak and ill, with spells of nausea. It was hoped that a visit to her old home might restore her, and her husband drove her to the Roney's. But the dread germ had gotten in its work. She faded rapidly and died August 20, 1858. She was but twenty-nine.

The funeral was held from the Roney home. According to country custom, the casket was kept open in the front parlor until the last moment. Sensing that something was wrong, baby Buck, aged twenty months, whimpered for his mother. Washington Duke, after whispered consultation, carried the boy into the front room and held him over the coffin for a last look at his mother. Then she was borne to the Roney plot in the country cemetery beside Haw River. From Buck's recollection, the memory soon faded entirely.

Decades later he and Ben instituted search for a picture of their mother. A fetching daguerreotype was found. Identified by her only surviving brother, who said "Surely, that's 'Telia," it showed a pert young woman in Sunday best, with firm, rounded chin, short nose and pleasing eyes, with high brow. Today, at Elon College, North Carolina, in a memorial building bearing her name, is an oil portrait of Artelia Roney Duke painted from this ancient daguerreotype.

For a second time, after this searing tragedy, Washington Duke had to pull his life together. He succeeded. The younger children stayed on at the Roney home; then his late wife's younger sister, Elizabeth, came to keep house for him. "Aunt Betty," as the children called her, must have been a remarkable young woman. Joined later by her sister, Anne Roney, Aunt Betty kept the twice-bereaved household together. She was a good housekeeper and her humor leavened her brother-in-law's austerity. Why he didn't marry her (if indeed her consent could have been won) is still a family mystery.

Aunt Betty saw that education was the first need of the children. Accordingly, she induced Washington Duke to build upon his place a log school room, where she taught both the Duke sprouts and children of the neighborhood to read and write. The oldest son, Brodie, was a bit of a problem. This slender youth was



James Buchanan Duke's birthplace.



Washington Duke's first tobacco factory on his farm
near Durham, N. C.



Washington Duke.



Artelia Roney Duke,
mother of James
Buchanan Duke.

lively and imaginative, no doubt of that, but seemed to prefer the company of the "wild" Clinton boys.

This, then, was the family situation when rumbles of approaching civil war began to stir even that remote countryside.

Though he had purchased a Negro girl, Caroline, as a house servant and nurse for his children, Wash Duke was strongly opposed to slavery. In contrast with most of their neighbors, both he and William J. changed their political affiliation in 1860 and voted for Abraham Lincoln and the newly formed Republican Party. Both sorrowed when word came from Raleigh in May, 1861, that North Carolina had joined ten other Southern States in seceding from the Union.

For a time the tide of war left the quiet Duke homestead in peace. Then, in '63, the authorities at Hillsboro notified Washington Duke that he would be conscripted into the service of the Confederacy within thirty days. Without complaint, he prepared to risk his life for a cause in which he did not believe. Methodically he arranged his affairs. The farm, now grown to 300 acres and well stocked, he turned over to a neighbor, with brother Billy in general supervision. Then he took his three younger children, together with Aunt Betty and Caroline the slave girl, to Grandfather Roney's in Alamance. As he marched off to war he received word that his youngest brother, Robert, had been killed in Virginia.

With the father went his son Brodie, not yet seventeen, whose ardor for military adventure had been checked with difficulty since the outbreak of hostilities. Brodie, who was wont to ride the farm horses over the Duke and Clinton meadows, brandishing a wooden saber and shouting defiance to the damned Yanks, was found to be underweight (96 pounds) and detailed as a junior guard in the military prison at Salisbury.

Washington Duke himself was first placed on guard duty at Camp Holmes and then transferred to the navy where he was attached to a gun crew on a ship defending the inner harbor of Charleston, South Carolina. In September, 1864, he was again transferred, this time to Battery Brook, two miles below Drury's Bluff, one of the defenses of Richmond. Promoted to orderly sergeant, he was placed in charge of a battery and won commendation as an expert gunner. When Richmond fell, he and his battery mates watched the flames of the Confederacy's burning capital, and then fled south. He was captured and lodged in Libby Prison for several weeks until, hostilities over, he was removed with other paroled prisoners to New Bern, North Carolina, and left, ragged and penniless, to find his way home, 135 miles, as best he could.

Meanwhile, the three younger Duke children, Mary and Ben and Buck, were enjoying themselves at Grandfather Roney's, hardly conscious there was a war save for the annoying disappearance of sugar, candy and

other delicacies dear to the youthful palate. At the Roneys' there were playmates of their own ages and they learned bull-pen and other games. Buck was handicapped by his pigeon toes, but de Shavers, a half-breed Indian shoemaker, fashioned for him a pair of special shoes, rough and hard, and soon he was able to get around nearly as well as the other children. However, those feet were to plague him all his life. The little Dukes had two brief sessions of schooling at a near-by log schoolhouse and each Sabbath attended Sunday school at Pisgah Church.

The principal chore assigned to Buck was collecting eggs from the chicken house. Once he was warned not to bother a setting hen. The baby chicks, he was told, would come along in a day or two. But Buck, characteristically, decided to speed up nature. Slipping behind the hen, he imprisoned her in his coat and began plucking off the egg shells. The outraged bird wriggled free and flew at her tormentor. When rescued, Buck was a well-pecked bad boy, still insisting, however, that he could show the derved old hen how to produce her chicks faster, if she'd only listen to reason.

While red tape was holding up Washington Duke's release from Libby Prison, the final dramatic event of the war was taking place near his home, an event destined to influence his personal fortunes vitally. This was the surrender of the last Confederate army east of

the Mississippi—commanded by General Joseph E. Johnston.

Federal General William Tecumseh Sherman, doubling back from his famous march to the sea, had entered North Carolina in March with 50,000 men, intent upon joining General U. S. Grant in a supreme effort to take Richmond. Learning, however, April 11th that Lee had surrendered to Grant at Appomattox, Sherman turned westward in pursuit of Johnston and the latter's 30,000 spent troops. Fighting stubbornly, with no hope of victory, Johnston yielded Raleigh and retreated to Hillsboro, passing within a short distance of the Duke farm. Negotiations were opened for an armistice and a conference to arrange terms of surrender.

On the 17th of April, 1865, a military train bore General Sherman from Raleigh to Durham's Station, twenty-six miles. Durham's (the Negroes called it "Durms") was a tiny stop on the North Carolina Railroad named for country doctor Bartlett Durham who had donated the site for a station and, it was hoped, a future depot.

General Sherman rode four miles up the Hillsboro Road to meet General Johnston. Though both had served thirteen years in the regular army, this was their first meeting. Sherman showed Johnston a coded message from Secretary Stanton received that morning in Raleigh which he had read only to General Logan and

General Kilpatrick, commander of his cavalry. It announced the assassination of President Lincoln. "The perspiration came out in large drops on his forehead," Sherman relates in his memoirs, "and he did not attempt to conceal his distress."

The two men sat over a bottle of whiskey in the front room of farmer L. L. Bennett's house, agreed upon an immediate armistice and talked terms of surrender. At another meeting next day they signed the terms which were rejected in Washington. On the 26th, also at the farm house, Generals Sherman and Johnston signed the final surrender which ended the war. Under this "military convention," 36,817 Confederate soldiers in North Carolina and 52,453 in Georgia and Florida laid down their arms. Sherman allowed Johnston 250,000 rations; a fortnight earlier Grant had allowed Lee but 10,000. A quarter of a century later Johnston was one of Sherman's pallbearers.

During the nine days of negotiation, the two armies roamed the country indiscriminately, fraternizing—and looting. Durham's Station, an insignificant hamlet of fewer than 200 inhabitants, was declared neutral ground by mutual consent. Here the boys in blue and gray, suddenly released from the grim business of warfare, swapped horses, ran foot races, shot at targets, spun yarns around their camp fires and raised hell generally.

Durham's Station (first called Durhamville) had be-

come a point on the map when the railroad came through in 1854. Then it was bounded on one side by Old Pin Hook, described by a local commentator as "a favorite resort for wagoners and other travelers, owing to its Bacchanalian and other lascivious influences . . . Here the devilish charms of the siren and wine cup vied with each other in debauching humanity"; and on the other side by "the hot hole of licentiousness, Prattsburg, where 'Old Billy Pratt' dealt out liquid damnation of his own manufacture, assisted by one Riley Vickers. Sundays here were selected as special days for cock fighting, drinking, dancing and all sorts of debauchery." By now, however, Old Pin Hook and Prattsburg had toned down and Durham's Station had three stores, two barrooms, two churches, a log schoolhouse, a combination carpenter shop and post office and twenty or more houses. Also, about one hundred yards from the railway tracks, stood a little two-story frame tobacco factory. This was operated by John Ruffin Green. Green manufactured a brand of smoking tobacco under a name chosen by his predecessors, Robert F. Morris and W. A. Wright—"Best Flavored Eureka Spanish Smoking Tobacco."

Stored in the Green factory was a large quantity of tobacco ready for shipment. During the armistice the building was completely sacked. The soldiers found Eureka Spanish Flavored to their liking. It was golden yellow in color, of fine granulated texture and in taste

mellow—nectar, indeed, compared to the dark, rank long-cut and plug the fighting men had been smoking and chewing for four years. Locally the new type was called "bright tobacco." Destined to bring prosperity to a devastated section of the South and to influence the smoking habits of the world, its genesis is interesting:

Since the white and red man had begun their intercourse on this continent with an amiable exchange of poisons, brandy for tobacco, search had been carried on for a lighter, brighter tobacco leaf. Colonial planters imported seed from the West Indies, Mexico, South America, gradually improving the texture of the weed which had caused Queen Elizabeth to sneeze. As time went on, experimental crops were occasionally planted in soil other than heavy bottom land so long considered essential for tobacco. And there were all manner of experiments in curing tobacco with natural and artificial heat.

For the better part of a century it has been thought that bright leaf tobacco, as we know it today, was first grown about 1852 in North Carolina by two brothers, Eli and Elisha Slade, upon a thin, sandy ridge between two small tributaries of the Dan River in Caswell County near the Virginia line, and a historical highway marker so proclaims. According to the story generally accepted, the Slades "discovered" the yellow leaf by

lighting a smothered fire in a barn full of their moist ridge tobacco.

Now, however, recent unpublished research by Nannie M. Tilley, a noted tobacco historian, demonstrates that bright tobacco was not a spontaneous "discovery"; that the Slades, though, did improve the curing technique by use of charcoal instead of wood. Incidentally, according to Miss Tilley, there were four, not two, Slade brothers and their names were not "Eli" and "Elisha" but Abisha, Thomas, Elias and William. One night in 1839, in a Slade curing barn, Stephen, an eighteen-year-old slave boy assigned to watch the fires, let his wood get wet and used some charcoal, obtained near by. The result was "the lightest colored leaf ever cured up to that time,"—and a niche in history for the slave boy's masters.

The Slades appear to have been the first experimenters who combined planting tobacco in thin, siliceous soil and curing it with charcoal, which provided a regular, controlled and relatively smokeless heat. The Slades were generous, too, in making public their cultivating and curing formula, and the new technique spread gradually on both sides of the Virginia border. Many farmers in the sandy belt of Orange County around Durham's Station welcomed a chance to put to some use soil hitherto considered barren. Among them was Washington Duke who set out his first crop of tobacco two years before the war. It found ready sale

and provided money for taxes and clothes. And it did not bite the tongue, like the sort of plug folk had been chewing as long as he could remember. Wash Duke's mind, slow but sure, was turning over the possibilities in the new "Bright" tobacco when the war came along.

It was the local bright-leaf tobacco which the men of Johnston and Sherman sampled so generously in J. R. Green's factory and which they found so pleasing. Returning to their homes in scattered parts of the country, many of them wrote back for more of that golden "Durham's" tobacco, which they were willing to pay for this time.

Meanwhile, Washington Duke was making his slow way homeward, afoot, through a country which everywhere showed the economic, if not the physical, scars of war. His cash capital consisted of a single fifty-cent piece, for which he had traded a souvenir-hunting Federal soldier his last practically worthless Confederate five-dollar note. The home place had been pretty thoroughly looted. No vehicles or farm implements were left save a broken-down wagon. Of chickens, hogs, cows, there was not a sign. The work animals were gone except two blind mules grazing in the fields.

Further search revealed one small log storage barn full of tobacco which in some miraculous manner had escaped the looters. This was something saved from the wreckage anyway. In his slow, thorough fashion the farmer began to figure how he could put it to use.

Chapter II

A Piedmont Prodigy

ALTHOUGH ORANGE COUNTY had experienced but a swish of actual warfare, that summer of '65 was tough, even for one so resolute as Farmer Duke. Gathering his family together, he planted wheat, corn, vegetables; then turned to that precious barn full of tobacco. This represented ready money or, at least, material for bartering. Every man, woman and child on the farm pitched in. The tobacco was flailed out by hand on the barn floor, a mean, choking job, and packed into hand-sewn muslin bags, a yard square, thirty pounds to the bag. Then, behind the blind mules and in his patched wagon, Wash Duke started out on a peddling tour of eastern North Carolina. With him he took his son

Buck, going on nine and just tall enough to hold a halter to a horse. The Buck of this period was barrel-chested, pugnacious, prone to lord it over his slender sister Mary and delicate brother Ben, yet withal imaginative and bright as a dollar.

On the back of the wagon was a victual box containing a frying pan, tin cups and plates, a side of bacon, corn meal, sweet potatoes. Atop the bags of tobacco were blankets, a water bucket, fodder for the mules. Upon each tobacco bag was a crude label "Pro Bono Publico," sewed on by Elizabeth Roney, who explained the phrase meant "for the public good."

That first trip was a success and was followed by many others. Bright tobacco was popular and easily exchangeable for commodities the farmer most needed, sometimes even for hard money. Soon a larger wagon, canvas covered, and a team of strong draft horses succeeded the patched vehicle and the blind mules.

The road excursions toughened and hardened young Buck Duke, got him accustomed to people of many types, sharpened him as a bargainer. He began to feel himself a man. One day the boy came across a plug of moldy chewing tobacco which had lain long amid duffle in an unused bureau drawer. He bit off a chew and it seemed to agree with him. Thereafter our cross-roads Huck Finn preferred his tobacco old and slightly moldy. A natural taste for sweets, though, was nipped in the bud when his father brought home a bucket of

brown sugar as a special treat, set it on the kitchen floor and invited the children to eat all they wanted. Buck's spoon worked twice as fast as those of the others, but his greed was his undoing. A greenish pallor soon spread to the roots of his hair and he rushed out of doors, sick to the gills. For years he winced at the mere sight of sugar or candy.

On one peddling trip, the Dukes found themselves at nightfall near the small town of Cary, North Carolina. A group of youngsters from a near-by classical academy were attracted by their camp fire. One elegantly attired young gentleman was over-critical, Buck thought, of the itinerant merchants' sleeping arrangements. In a jiffy he and the young gentleman were rolling on the ground, clawing away at each other with more energy than skill. Separated with little loss save dignity, Buck learned that his opponent was Master Walter Hines Page. They were to meet next in London in 1914, when a portly and war-frightened tobacco magnate appealed to the American Ambassador to help him get out of England at any cost. Page obliged.

Before his first season of peddling was over, long-headed Wash Duke decided to link his future to bright tobacco. Opportunity for profit, he soon saw, lay not in raising tobacco but in manufacturing and selling.

Tobacco cultivation was a back-breaking, all-year-round task. A "thirteen-months crop," farmers said,

because, before work was finished on one harvest, preparations had to begin for the next. The tobacco seed is one of the tiniest known; a teaspoon holds 100,000. Containing no nourishment within itself, the seed had to be sown in a specially prepared bed and nursed with the greatest care until its delicate young shoot was ready for transplanting. Since Colonial times the seed bed, from which all roots, stones and other debris had been removed, had been "burned off" with piles of brush and wood. Mixed with ashes, cornmeal, even sand, the microscopic seed was pressed firmly into the soil with a board or sometimes with the bare feet. At transplanting, each tiny shrub (4,000 to 5,000 to the acre) had to be set by hand into mounds and ridges of a field plowed, harrowed and dragged smooth time and again. About the roots of the growing plants the soil had to be loosened or firmed frequently. Followed months of weeding, "suckering" or trimming off growths, removing horn worms and other pests, watering—all continuous, individual processes. At the end of summer, as the plant's starch turned to sugar, the leaves would slowly yellow. Now the tobacco was ready for the curing barn. Curing or "fixing the color" was the most critical operation of all. Wash Duke knew the process well for he had helped cure tobacco on many farms.

The yellowing leaves, which had been plucked as they ripened, were looped over rods and hung in rows

in the sixteen-foot-square log curing barn, every aperture of which had been chinked with mud to make it air-tight. By means of a crude, wood-burning stone furnace and sheet-iron flues, the tobacco was subjected to varying degrees of heat for three or more days and nights. The furnace had to be fed by hand and there was always danger of fire from a brittle leaf falling upon the hot flue pipes. After the long baking operation the fires were extinguished, the barn door opened and the tobacco permitted to re-absorb some moisture. Then it was carried to a pack house to be sorted according to texture and color. Now, at last, the farmer and his family could enjoy a breathing spell; sometimes, perhaps, celebrate by inviting the neighbors in for fiddle music, chicken stew and home-made wine.

Washington Duke was thoroughly familiar with the perils and uncertainties of the most finicky, capricious crop grown. Let other farmers take the risks if they wanted to. As for himself he would become a factor, a middleman, like the grist miller. Accordingly, he built a log "factory," twenty by thirty feet, where Pro Bono Publico could be granulated and packed. This was soon supplanted by an abandoned stable; then he built his first real factory, a frame structure containing an old-style screw press, where the bright leaf could be squeezed into plugs or ground into smoking tobacco.

The new factory, one of scores which were spring-

ing up in the Bright Belt, could handle 400 to 500 pounds of leaf tobacco a day. The finished product, after revenue taxes were paid, fetched thirty to forty cents per pound. In 1866, Wash Duke turned out 15,000 pounds; by 1872 he had increased his output to 125,000 pounds. And the boy Buck, vastly important and quite efficient, was his father's right-hand "man," bossing the help, labeling the burlap sacks, oiling the new plug-pressing and grinding machines; above all, delivering consignments to country stores and bringing in new orders. Barefooted, with floppy straw hat, cheek distended with a wad of his favorite chew, young Buck was a familiar figure as he drove a team along the dusty roads of the region.

In after years Buck liked to speak of himself at fourteen as superintendent of the home factory. Perhaps so, but it was the adventurous stepbrother, Brodie Duke, who first visioned a larger enterprise than a mere farm factory. Sharecropping with his Uncle William until he had a stake, Brodie, in 1869, moved to near-by Durham's Station and rented a two-room shack, one room above the other. On the upper floor he slept and cooked. Below he manufactured a smoking tobacco which he grandly christened "Semper Idem," then "Duke of Durham." As a trade mark for both brands, the young man adopted a picture of a dashing mounted trooper wearing a feathered Indian headdress, presumably captured in combat. Brodie always insisted

that he himself had posed as the cavalryman, the Indian headdress being simply an added attraction.

At that time the population of Durham's Station was exactly 256, its lanes and alleys bearing such picturesque titles as Hen Peck Row, Shake Rag and Dog Trot. However, the hamlet was in the heart of North Carolina's narrow Bright Belt—two counties deep, a half dozen wide—and already was showing symptoms of growing pains. One Saturday afternoon Brodie Duke and others watched Brown Jordan's team of mules run two parallel mile-long furrows from "Squire" Malbourne Addison Angier's store east through an old field. There was a deal of good-natured guying as to the price of corner lots and how the new "city" was to be peopled. In fair weather the Mayor held court under a tree. Yet, in a couple of years, the settlement had become the incorporated town of Durham and was booming like a Western mining camp.

In the transformation, two men played predominant parts: William T. Blackwell and Julian Shakespeare Carr, both able, kindly, zestful. From small beginnings they organized and developed the greatest tobacco business in the world—Bull Durham—literally building a town around a bull. Blackwell, former peddler and storekeeper, became J. R. Green's partner in 1867 and bought sole control for \$2,000 when Green died in 1869. Green had adopted the Durham Bull as his trade mark, the idea being suggested by the bull's head on

James Buchanan Duke as
a young man.



Edward F. Small, cigarette
salesman.



My Small
Please to know if the
Retailers are getting better from the
Consumers. I am fully well & selling the
Cigarettes that have been the best that
I have ever gotten out of from Retailers
is not sufficiently good that Consumers
are demanding very many of them
& many to know how the sale of
retailers compare on a whole with
other brands but with the prominent
retailer & the small
Sincerely
J. Buchanan Duke

Facsimile of a sales letter written by James Buchanan Duke.

Coleman's Mustard, made in Durham, England. Blackwell recognized its value and protected the trade mark in long and costly litigation. In 1871, Blackwell took in as partner Julian Carr, son of a merchant. Jule Carr had left the University of North Carolina to become a private in the Confederate Army. Later, due to his activity in veterans' organizations, he came to be known as Colonel, finally General, Carr.

As soon as their partnership was established, Blackwell and Carr determined to make Durham the mercantile, as well as geographical, center of the Bright Belt. In 1871 they opened the first auction market where farmers could sell their tobacco, and encouraged other investors to build storage warehouses, or prize rooms, where tobacco could be kept, aged and graded. With a market now practically at his barn door, the North Carolina grower no longer had to ship or haul his tobacco to the faraway Virginia marts—Richmond, Petersburg, Danville.

By 1873 bright leaf was flowing into the new market in quantity and Brodie Duke persuaded his father that he ought to join him in Durham. Accordingly, a three-story frame building that looked like a glorified barn was erected on the south side of newly designated Main street and a steam engine and other machinery installed. The new factory was a family affair, though a partition separated the workrooms in which the elder Duke's "Pro Bono" (later his "Duke's Mixture") and

his son's "Duke of Durham" were shredded and pressed.

Meanwhile, with the move to town under way, Washington Duke determined to give his children the education he himself had lacked, packing them off to a Quaker school in Roxboro, North Carolina, called New Garden Academy, now Guilford College. Mary and Ben were apt and eager pupils; not so Buck. This young man, after a couple of months, stomped into his father's presence, decidedly aggrieved.

"Why, those Quakers," he exclaimed in disgust, "want to teach a fellow Latin and poetry and such like. What good'll that do me? I ain't going to be a preacher or a lawyer. I am going to be a business man and make my pile. Now here's a place where a fellow can learn what I gotta know. That's where I want to go." He spread out a prospectus, which he had got hold of in some way, advertising the merits of the Eastman National School of Business at Poughkeepsie, New York.

In a few days the embryo business man was on his way to Poughkeepsie, his first long trip away from home. In double-quick time he mastered bookkeeping and accountancy and was back in Durham in six months. Years later he said his sole purpose in the trip north was to learn the mechanics of commerce and that he stuck to his manuals so zealously that he couldn't even remember what the Hudson River looked like.

When the eighteen-year-old Buck got back to Durham, things happened. A set of double-entry books was installed and the factory knew where it stood at the close of each day. The figures were increasingly encouraging. Bright tobacco was taking firmer hold throughout the country and the Dukes were getting their proportion of the orders.

As the man who added up the figures, Buck knew what the profits were, to a penny, and he wanted his share. He thought the matter over and then went to his father.

"Father," he said, "I want you to emancipate me."

"What do you mean?"

"I mean that I want to go into business for myself. That's a whole lot better than just working for you and Brodie."

"All right," agreed the father, quietly, "but you'll need some capital. I'll let you have a thousand dollars."

"Fine," said Buck.

Shifting in his chair, Wash Duke looked for a moment into the determined eyes of his youngest son who seemed now like a stranger. Then he came to a sudden decision.

"No, Buck," he said, "I won't give you that thousand dollars. Instead, I'll take you and Bennie into partnership. Hereafter our sign will read 'W. Duke & Sons'."

A full-fledged partner three years before he could

vote, Buck made things hum. He put in twelve to fourteen hours a day, buying tobacco, spurring the fifteen hands, keeping books, scheming a hundred economies. The only responsibility he shied away from was correspondence. His scrawly handwriting had been polished into a fair Spencerian at Poughkeepsie, yet he abhorred writing letters. To Ben Duke was assigned the office correspondence, though Ben was totally unable to hold any such pace as Buck set for himself. Ben's lungs were weak, with fear of tuberculosis ever upon him.

Wash Duke was his own chief salesman. The old gentleman's chin whiskers, broad-brimmed hat, congress gaiters and worn black-enameled duck carpet bag became a familiar sight to merchants and jobbers throughout the South. He never traveled, though, on the Sabbath. And he had a mild man's fear of the wild and woolly West. On his first visit to St. Louis he buckled a pistol on his hip; then was surprised to find civilized people out that way. One wealthy customer, taken with the old man's drawling speech and farm idiom, put him up for the night in quite the finest home Wash had ever seen. During the night, the visitor's Methodist conscience began to hurt him over the idea of having brought a deadly weapon into that hospitable mansion and he decided to rid himself of it by throwing it into the river. Arising at his usual hour of 5 A.M., Duke crept down the broad stairs to the front door,

and into difficulties. This door, apparently, had no key. They didn't have night latches on Durham locks. Fumbling, Wash made a noise and was surprised by a servant fearing burglars. Flushing, the old man explained his predicament and the servant promised to dispose of the pistol for him. The episode, with many embellishments, became a stock anecdote in St. Louis.

Journeying down the Mississippi, the man from Durham tarried in Memphis. Several people mentioned casually that a farmer of his surname—one John Duke—lived in near-by Milan, Tennessee, and occasionally came to Memphis with cotton and produce. Wash made no comment, but a couple of mornings later approached a comfortable farm house on the outskirts of Milan. A small girl, with school books under her arm, was just leaving the house.

“Is your name Duke, little girl?”

“Yes, sir, Lida Duke,” replied the child, who remembers that she was attracted by the stranger's beaming eye and “nice” manner.

“Who is your Daddy?”

“My daddy is Mister John Taylor Duke.”

“And where is he?”

“He is in the fields, sir.”

At that moment the child's mother came running out; and soon the brothers Duke, Wash and John Taylor, were clasping hands for the first time since the latter had taken French leave, thirty-five years before,

from Billy Duke's farm. The reunion delighted both; there was so much to tell; and before parting they mutually vowed that never again would they lose touch. The pledge was kept. John Duke's daughter, the schoolgirl of the '70's, is now Mrs. John C. Angier, widow and grandmother. With her sister, Miss Lillie Duke, she makes her home in Durham.

Soon Buck was helping out on the road trips and he showed his father a trick or two in cutting expenses. To save hotel bills, Buck traveled at night in coaches; sometimes in the caboose of a freight train, snatching what sleep he could.

Every cent thus saved went back into the business, for it was needed to buy raw materials and meet the payroll. With sound money as scarce as hen's teeth, the problem of finding sufficient capital was ever present. Much business, indeed, had to be done on I. O. U's and promissory notes. On the days when tobacco, requiring cash payments, jammed the warehouses, the town would be scoured for currency. Everyone from mule driver to merchant would be solicited for a loan. Due bills, sometimes dated weeks ahead, would be given in exchange for the money. Storekeepers and others accepted these due bills freely in payment for purchases, and there were few, if any, defaults. Under such conditions, needless to say, every broker, every warehouse proprietor, every manufacturer welcomed each fresh infusion of cash like manna from heaven.

Thus the Dukes did not hesitate long in 1878 in accepting a proposal from George W. Watts of Baltimore that he buy a one-fifth interest and a partnership in the firm for \$14,000. The business now became a formal partnership—W. Duke Sons & Company—with book capitalization of \$70,000. Two years later R. H. Wright, who had been making his own brand of smoking tobacco, “Orange of Durham,” joined the firm, Washington Duke temporarily retiring.

The new partners were capable, yet everyone in Durham recognized that Buck Duke was the driving force in the firm. There was no *mañana* in this young man’s make-up. Mornings he generally spent on the warehouse floors, picking up choice lots of tobacco on the “breaks” or auction sales. He could bargain with the best of the scalpers or “pin hookers”; exchange rough badinage with a crowd of buyers, sellers, middle men as motley and mixed as in any frontier town; toss down his noggin of whiskey or brandy at “Old Chunk” or the other bars, when business demanded such social accompaniment. However, he had no chums, courted no steady girl as did other young fellows of the town. Yet, even in a place so small as Durham, there were back-street and back-stair romances, and it was generally accepted that, so far as women were concerned, he was no novice. With little enthusiasm, people spoke of young Duke as a comer, generally adding that he’d

have to go a long way, though, before he caught up with the Bull.

Indeed the Bull Durham Company, under the brilliant leadership of Julian Carr and W. T. Blackwell, had forged so far ahead of its rivals that it was almost out of sight. It was doing many times the business of all the other smoking tobacco concerns combined, including W. Duke Sons & Company. Its huge, enlarged factory was equipped to process 20,000 pounds of tobacco a day. An enormous bull, painted on paneled sheet iron, decorated the front of the building and the steam whistle, by means of a mechanical gadget, imitated the bellow of a bull. Each bellow, it was said, cost six dollars and could be clearly heard thirteen miles away. The bull was the masterpiece of J. Gilmer Kerner, eccentric and temperamental artist, whose sign-painting nom de plume was "Reuben Rink." Raging and triumphant, Reuben Rink's bulls seemed to paw the ground and emit flame from their nostrils. Eventually they appeared on barns and boulders and bill boards throughout the country, even in Europe and the Near East; and to Reuben Rink is credited the catch-phrase description of Durham as the "Town Renowned the World Around." Other methods of exploitation included gifts of premiums, ranging from razor strops to mantel clocks, and signed endorsements from men of prominence. In Europe, Carlyle and

Thackeray were among Bull Durham's most ardent devotees.

Durham was booming. There was no doubt of that. In startling contrast with the rest of the stricken South, the town and the Bright Belt were riding to industrial renaissance on the back of a home-grown, home-fostered product. By 1880, Durham's population was approaching 3,000. New dwellings, stores, warehouses, factories were springing into existence. W. T. Blackwell alone built and sold more than 200 homes. One Saturday evening a load of lumber was emptied on a vacant lot by one of his teams. Early Sunday morning a gentleman awakened Mr. Blackwell's agent, with apologies for the Sabbath intrusion, to bid upon the house for which the lumber was intended, explaining: "I was afraid I'd be too late if I waited until tomorrow."

One of the most ubiquitous of the town's boosters was Brodie Duke. This young man had married Martha McMannen, daughter of the Presbyterian minister, and was going about the business of raising a family. However, his new responsibilities had robbed him of none of his customary ebullience. "Men," he told his fellow Durhamites on every occasion, "we can't stick like the bark on a tree—so damned tight it won't come off. We've got to be like the branches of the tree. We must spread out and make Durham bigger and better." As a personal application of the principle, Brodie dabbled on the side in real estate, also blossomed out as part

owner of a retail store which advertised itself in the local newspaper, *Tobacco Plant*, as "headquarters for all kinds of furniture and undertakers' supplies."

Carr and Blackwell, by 1881, were spending \$100,000 a year in newspaper advertising alone. They had gangs of painters at work from Manitoba to Mexico, from Montreal to New Orleans. Carr remarked with vast pride: "When it has come to pass that from an insignificant railroad station we can within fifteen years cause a man in London or San Francisco to put on his hat and walk out of his office saying: 'I am going to Durham, North Carolina, on important business,' I assert with emphasis that we have a great and grand future."

With a sale of 2,000,000 pounds of Bull Durham that year, Jule Carr's optimism, so far as his own business was concerned, seemed thoroughly justified. However, the smaller manufacturers were not so cheery. Their trade was not expanding to their satisfaction. They simply could not match the march of the Bull. While they were wondering what to do, the most audacious among them said to his partners: "We are up against a stone wall. Something has to be done and done quick. We are going to make cigarettes."

This manufacturer was young Buck Duke. His was a bold gamble.

Chapter III

Cigarettes and a Salesman

ALTHOUGH POPULAR IN ENGLAND, where it had been introduced from Russia after the Crimean War, the cigarette had been slow to take hold in America. Up to the late 1860's it was looked upon as an exotic, imported in very small quantities from Turkey. In 1867, Bedrosian Brothers, whose shop was at 22 Wall Street, New York, began to make cigarettes of native American tobacco. The output was small and the business languished. Less than 2,000,000 cigarettes were made in this country in 1869. However, the milder bright tobacco brought a boom and, in 1879, 238,000,000 cigarettes were produced. These were hand-rolled and packed in fragile paper containers. The cigarette mak-

ers were Russian and Polish Jews who were paid seventy cents a thousand. An exceptional workman could roll 2,500 cigarettes a day.

Buck Duke brought to Durham ten of these men under a foreman, J. M. Siegel, who had learned his trade in Kovno, Russia, and had worked in London and for various pioneer American manufacturers. English was a strange tongue to most of them, and strange too were their ways and dress to W. Duke Sons & Company's Negro employees. The new hands formed the nucleus for what was to become a sizable Ghetto in Durham. For the Bull Durham factory quickly followed Duke's lead, hiring J. M. Siegel's brother David as foreman of a new cigarette department. With the Bull, cigarettes were merely a side line; with Duke they were all-important. A market had to be found, indeed created.

At first only two of the regular Duke dealers would consider handling the newfangled smokes, and their sales were faltering. They said only flossy, high-society dudes would smoke cigarettes; so Buck Duke hired as a salesman a handsome, talented young scion of a prominent family, and he proved to be the man for the job. The tide began to turn. The new man was Edward Featherstone Small, who had served with the crack Washington Grays in the Civil War. Small swept through the South and Mid-West, placing millions of Duke's "Pinhead" and "Duke of Durham," later

"Cameo" and "Cross Cut," cigarettes. Further, some of his versatile advertising and promotion ideas were permanently adopted by the home office.

Small's first ten strike was registered in Atlanta, Georgia, where his friend Dr. Joseph Jacob operated the leading drug store at the corner of Peachtree and Marietta Streets. On the wall of the building was a paneled space, some ten by fourteen feet, which the druggist offered to Small for advertising purposes. He suggested using a huge poster-picture of the Indian, pipe in mouth, sitting on a bag of chewing tobacco, which then decorated the cheap, loosely folded wrapper in which Duke cigarettes were enclosed. Small, to whom the Indian picture was an abomination, yearned for something more striking.

Strolling along Peachtree Street he noticed in Phillips & Crews' window a life-size lithograph of Rhea, a touring French actress who was the current sensation in Atlanta. Eureka! Hastening to the Kimball House, he wrote a note to the actress and dispatched it at once:

Dear Madam Rhea:

I write to ask if I may use one of your life-size lithographs to have the same duplicated in oil on canvas with the inscription below: "Atlanta's Favorites"? Also extended in the right hand a package of Duke cigarettes?
Yours truly,

Edward F. Small, salesman.

The response was prompt:

Dear Sir:

I certainly will allow you to use my picture and am proud to be called "Atlanta's Favorite."

Rhea

A few mornings later Atlantans rubbed their eyes in surprise. For the svelte, elegant Rhea, enticing and beautiful, was offering them cigarettes not only from the wall of the Jacob building, but from a half-page display advertisement in the *Constitution*. A woman boosting cigarettes? It was unthinkable! Yet if Rhea placed her sophisticated stamp of approval upon these new smokes . . .

Salesman Small pushed his way through a crowd gathered before the drug store. The proprietor, brisk and beaming, beckoned him inside.

"Had a dozen calls for your cigarettes already," he announced, cheerily. "I'll order 10,000 of them for a starter."

Soon Mme. Rhea and Duke cigarettes were blooming on billboards and in store windows all over town. Thus began a life-long alliance between the stage and the cigarette picture. Small placed orders for 800,000 cigarettes in Atlanta and, best of all, received a complimentary message from Durham: "You made a happy hit with Rhea. Give the Bull's tail another twist."

The drummer moved triumphantly on through the South and into the West, where a sales agency was established in Chicago. Then he tackled St. Louis, where the firm sold plenty of smoking and chewing tobacco, but which he found even more prejudiced than other communities against the cigarette. The hard-boiled Missouri dealers were unimpressed by handsome historical pictures in colors offered with each carton of 500 Duke cigarettes. Small unleashed a flying squadron of canvassers who turned in but five orders in three days. Still the dauntless salesman would not admit defeat. Strolling into the *Post Dispatch* office, he inserted the following advertisement:

WANTED: Saleslady. Call at 103 North Fifth street between 10 and 11 A. M. tomorrow.

Next morning a dozen women of assorted ages and appearances applied for the job. Small selected a slashing, red-headed young widow, Mrs. Leonard, and instructed her in her duties over a bottle of wine and luncheon in a French restaurant. Within twenty-four hours Mrs. Leonard had landed nineteen orders and had been written up in the *Globe Democrat* as "the first and only lady in the world selling cigarettes." The jubilant Small picked up the phrase and advertised it widely. Thereafter tobacconists eagerly awaited the beautiful saleswoman's calls and orders fell into her lap like ripe fruit. Small bought his new as-

sistant a Spring costume and wrote out for the benefit of the home office his personal recipe for successful salesmanship:

The essential element in creating trade is a few grains of common sense, strategy and tact well sharpened, properly administered and rubbed in with a little nigger luck. Above all, judicious advertising, especially if the same is novel and astounding in magnitude.

W. Duke Sons & Company showed its appreciation by placing Small in charge of a vast territory embracing Ohio, Michigan, Indiana, Southern Illinois, Northern Kentucky and West Virginia. At the same time, though, Buck Duke, in one of his rare communications, sounded a note of caution:

Mr. Small:

Please let us know if the retailers are getting calls from the consumers & are they all selling the cigarettes that have them. The fact that jobbers are getting calls from retailers is not sufficient proof that consumers are demanding very many of them. I want to know how the sales of retailers compare on our Duke with other brands both with the prominent retailers & the smaller ones.

Yours truly,

J. B. Duke

A carload of folding chairs was shipped to Small's next stop, Cincinnati, with instructions to award one to every dealer ordering 2,000 or more cigarettes.

Obtaining orders with the aid of this new wrinkle was a picnic.

While artful Mr. Small was on the road, his young boss, back in Durham, pulled a bold stroke of business.

Tobacco men had long been agitating for a reduction in the revenue tax on cigarettes. Early in March, 1883, Congress voted to lower the tax from \$1.75 to 50 cents per thousand, to take effect May 1st. While other manufacturers were hesitating over how much of the reduction to pass on to the public, Duke promptly notified the trade that its price would be cut in half; ten of its cigarettes would be sold for five cents. Further, said the Duke announcement, orders would be received at once at the new rate, provided dealers and jobbers would agree to accept three-fourths of the goods after May 1st. This, in effect, was a 25 per cent bonus. *understand*

Orders poured in. The force of cigarette rollers was doubled. Agile young Negro boys had now been taught the trade, at a wage, incidentally, much lower than that paid the skilled Polish and Russian workmen. And the partners, pessimism vanished, decided to build a new four-story brick factory. Ground was broken at once. The new factory, fronting 184 feet on Railroad Street, would contain 40,000 square feet of space.

The first rambling old wooden building, it was really two buildings in one, had stretched into a com-

pound, with shipping rooms, storage and engine house, job-printing office and a machine shop where a new type of sliding box—just put on the market—was stamped and cut. The new box was a vast improvement over the former fragile paper wrapper for cigarettes. It consisted of two pieces of pasteboard, one forming the cover, the other an inner container, holding ten cigarettes, which would slide in and out like a bureau drawer. Now cigarettes would not go to pieces in the smoker's pocket.

However, another and vastly more important mechanical improvement in cigarette manufacture was at hand.

During this period, Buck Duke and his partner, R. H. Wright, journeyed often to Bonsack's Station, a small town in Virginia, where a beardless young plantation owner's son had been working since his mid-teens on a mechanical cigarette-making machine. In various parts of the country others were striving toward the same objective, but James Bonsack's machine was further advanced. The young man, now twenty-two, had obtained patents, formed a company and was eager to rent to manufacturers on a royalty basis. Frankly admitting there were two or three minor difficulties yet to be overcome, Bonsack made a proposition to W. Duke Sons & Company: if the firm would install two of the machines and give them practical tests, he would reduce the royalty rate, also send to

Durham his best mechanic, William T. O'Brien. Buck Duke, eagerly sniffing the machine's possibilities, worked out an even more favorable contract and, late in 1883, the machines arrived in Durham.

The Bonsack machine was a system of rollers and bolts which shaped tobacco, sent it through an endless coil of paper, forcing it into tubes; then led it to a circular knife which cut it into pieces of proper length, the pieces falling into baskets at the rate of 200 to 212 per minute. Here was a mechanism which could turn out daily as many cigarettes as fifty expert hand rollers. But it was still inclined to clog. During many anxious months, day and night, Duke and O'Brien, the mechanic, sweated and toiled over the complicated parts. Weeks of delay were caused by a single tiny rubber casing which slowed the tobacco's progress toward the rollers. Finally, though, O'Brien pronounced the mechanism ready for its final test; and, on April 30, 1884, each machine put in a ten-hour day, working perfectly.

There was now no limit upon the number of cigarettes which could be produced, and W. Duke Sons & Company had an inside track upon the most workable cigarette machine in the country.

With O'Brien agreeing to remain as mechanical superintendent, the Bonsack machines were fairly certain to turn out a quarter of a million cigarettes a day. This would reduce manufacturing costs at one swoop

from eighty to thirty cents per thousand cigarettes. Add the purchase of raw material (three and one-half pounds of tobacco at twenty-five cents per pound), the revenue tax of fifty cents, the expense of packaging and shipping—and the over-all cost of producing a thousand cigarettes could be calculated at about \$1.85. Between this figure and the price to the jobber of \$4 per thousand, less 10 per cent discount, remained an elegant margin for exploitation and profit. The prospect appeared rosy indeed. But there were drawbacks. The public generally still believed that only sissies and dudes would smoke cigarettes. Duke himself, whose cheek usually bulged with a sizable wad of strong chewing plug, despised them. Would people be prejudiced against the machine-made product? In that case, of course, they'd have to be neatly mixed with the hand-rolled variety until folks got used to them.

With his huge feet propped on the desk and a steady stream of tobacco juice decorating the nearest spittoon, the younger Duke looked out of his grimy office window that Spring of '84 and canvassed prospects. In his mind's eye, he saw a white mountain of cigarettes engulfing him. Where to find markets? Pondering, he came to two decisions, both far more daring than the firm's financial condition warranted. He would send his partner, Wright, to Europe, around the world if necessary, to stir up foreign trade. Why,

there must be a raft of people abroad who were paying a nickel apiece for those Russian and Turkish cigarettes and who ought to welcome a better smoke at a fraction of that price. And what of those who'd never smoked at all? The new cigarettes would be a boon. Within a fortnight, R. H. Wright was sailing east across the Atlantic on a trip that was to last over a year and to cover practically every country of the globe.

Buck's second decision was announced at Sunday dinner in the comfortable residence his father had built across the way from the factory. Here the family generally gathered after church: Brother Ben, now improved in health, and his dark, purposeful wife, she who had been storekeeper M. A. Angier's daughter, Sarah Pearson; sister Mary and her husband, Bob Lyon; and the aunts, Elizabeth and Anne Roney. Buck waited until all were seated and then, enjoying the surprise, remarked that he wouldn't be with them the following Sunday. He was going to New York and try his hand at breaking into the country's leading markets, the North and East. If things worked out as he hoped, he might even locate in New York. There was a gasp; then excited babel.

"They said I was dinged foolish tackling the Yankees on their own ground," chuckled Buck in after years, "that I'd come home with my tail between my legs."

Only the old man at the head of the table seemed unperturbed. Wash Duke had observed his youngest son's development with perplexity, often bewildered. But he knew that when Buck made up his mind to a thing, it was like a trap closing on an animal; and there was no use opposing.

Before he left, Buck pledged each partner to draw no more than \$150 a month for living expenses. Every dollar above that must go back into the business. He had plans for expansion, he said, that might make them all rich. Had he detailed every scheme that was sizzling around in his red poll, his partners probably would have been scared out of a year's growth.

Chapter IV

New York Triumph

THE YOUNG MAN from North Carolina arrived in New York in 1884 on a crystalline April morning which seemed to hold both the invigorating tang of departing winter and the soft warmth of approaching summer. From the upper deck of the ferryboat that bore him across the North River, Duke saw the city he had come to conquer sprawled out in apparently endless miles of low buildings.

Scorning a horse car or cab, the husky visitor, grip in hand, tramped the half dozen cobbled blocks to Broadway. He ate his first breakfast from a high stool at the old Astor House and recalled afterward that the first newspaper he saw told in gloomy detail of

tight money in Wall Street. That breakfast was his last personal extravagance for some time. Thereafter, for many months, he would eat his meals in restaurants on the Bowery.

Before nightfall Duke had found an office and a home. The first was a small loft over Leopold Miller & Sons in Chambers Street; the second a \$3-a-week furnished room from which he soon moved to one costing a dollar less. Then he began making the rounds of jobbers and retail tobacconists. Most of the latter were ensconced in shabby shops behind the inevitable, generally equally shabby, wooden Indian.

"I remember the first time young Duke came into my cigar store," narrates Asa Lemlein, a pioneer Harlem merchant. "He had ridden up on the steam-driven 'L' which used to drop live cinders on pedestrians and horses alike. He was tall, gawky, reddish, with a Southern accent thick as butter. He wanted to sell me some of his newfangled machine-made cigarettes on consignment. I told him I wouldn't handle cigarettes under any circumstances; that my customers didn't want 'em. Besides, the only name I knew of down his way was Bull Durham. He didn't seem to mind much. Within a few months the trade paper said he'd opened a loft factory on Rivington Street. Then the billboards began to flare out with Duke ads and the newspapers too. I got circulars offering camp chairs and clocks and crayon drawings, if I'd order so many thousand Duke

cigarettes. Customers started asking for the cigarettes by name. The climax came when Duke began putting into each package a picture of a famous actress or athlete or the flags of all nations. That was a million-dollar idea, for the pictures came in numbered sets and the kids began pestering their dads for them. Soon collecting pictures became a craze and we had to order the cigarettes in quantity. As I look back on it now I think this one stunt, more than any other, really put the cigarette over with the public."

The idea of enclosing pictures of luscious stage beauties and other celebrities in cigarette boxes stemmed directly from salesman Edward Small's successful experiment in Atlanta with Mme. Rhea's photograph. The premium offers to dealers grew out of Duke's study of the methods of Bull Durham promotion which he had observed at first hand in Durham. But his employment of these business-boosting schemes was accomplished with a daring and a scope all his own.

Also, a conviction was growing in him that the cigarette was destined to become America's national smoke. Now was the time to get in on the ground floor and cash in. As quickly as he could, he installed four Bonsack machines in his loft factory and went boldly into mass production. Duke staked everything upon his faith in the machine, uninfluenced by the skepticism of the older-established cigarette manufacturers who were still timidly experimenting with the Bonsack and

other mechanical contrivances. (Allen & Ginter of Richmond, Virginia, the leading competitor, did not adopt the machine until 1887.)

Duke's first two years in New York were arduous, yet triumphant. With a possible capacity output now of a half million cigarettes a day, he introduced two new brands—"Cameo" and "Cross Cut"—which quickly supplanted in favor the hand-made standard-size "Duke of Durham" and the miniature "Pin Head." Into a campaign of exploitation, he put every dollar he could muster, brushing aside objections from his partners who held many a head-shaking session in Durham. Planned by himself, his posters and advertisements were executed by the clever artists of G. Houghtaling & Company, largest billboard and sign-posting concern in the country. Another helpful aid and critic was Joseph H. Knapp, able and money-minded young printing executive and lithographer, now principal owner of the Crowell Publishing Company and other enterprises. Each poster was examined and criticised by the entire office force, even by the hands at the work benches and machines; each idea for premiums or souvenirs was discussed. Duke, however, was the final arbiter.

"Duke came along in the trade fast," comments Asa Lemlein. "Within a couple of years of our first meeting, he had bought out Lichenstein Brothers' works at 38th Street and First Avenue and was going strong. He

had become more robust and had fixed up a fine office for himself, with a roll-top desk and thick carpet. One drawer of the desk was filled with pound slugs of moist chewing tobacco. Duke would bite off a liberal chew and not mind whether he hit the carpet or the spittoon. His manner just oozed confidence. You could tell things were going his way. He gave me the agency for his cigarettes in some near-by towns and many a night I drove through the mud to Yonkers or somewhere else, my wagon piled high with cases of cigarettes and folding camp chairs which were offered as premiums."

At night, after a twelve-hour day at the plant, the young merchant would visit tobacco shops and talk with proprietors and customers. Often midnight found him still on his rounds. During these nocturnal prowls, he kept a sharp lookout for empty cigarette boxes on the streets or in refuse cans and carefully counted those bearing the Duke imprint. Before long, as a special stunt, he was offering a reward of \$50 for the individual turning in the most "empties." And he never failed to pick up any pin he came across with the head pointing his way. Sometimes his lapel bristled with these "lucky pins."

In the office, too, no detail escaped the Duke eye. A cash coupon, redeemable for fifty cents, was enclosed in each 500-box carton of cigarettes and each certificate required a signature to guard against forgery. One of

the girls assigned to the task of writing signatures bore the name of Maggie McConichie. Looking over her shoulder one day, Duke grunted: "Your name's too long, Miss McConichie. Takes too much time writing it out. Let's have a shorter name. Take 'Cox', that's shorter, and just add one or two initials." And so Maggie McConichie became "A. B. Cox" and doubled her output.

John Wilber Jenkins, who many years ago wrote a conciliatory life of Duke on commission from the family and business associates, gives us this excellent picture of the budding tobacco magnate:

Not mean or "close" in any sense of the word, economy was a cardinal principle with him, one which he continually preached to employees, telling them that whatever salary a man received he should save half of it. "Walk when you are young so that you can ride when you are old," was one of his mottoes. Making a practice of being at his office in time to see the factory hands arrive in the morning, he made repeated excursions through the work-rooms, examining the stock on the work benches. Employees believed he had the uncanny faculty of picking the only faulty package out of a lot containing thousands otherwise perfect. Sending for a carton of goods already packed, he would open it on his desk and examine each package. If a stamp or label pasted on crooked was discovered, the superintendent was sent for. Needless to say, the whole working force was kept on its toes.

While Duke was leading the assault on the Eastern market, his star salesman, Small, was scoring further sensational successes in the West, pushing into regions hitherto dominated by rival cigarettes: Vanity Fair, Lone Jack, or the Kinney Brothers' fast-selling Sweet Caporal. In Cincinnati the ubiquitous Duke man took advantage of the current roller-skating craze and organized a colorfully uniformed team—the Cross Cuts of Durham, N. C.—to meet all comers at polo on roller skates. The Cross Cuts were billed as the Champions of the South, and on the night of their debut Cincinnati's leading rink was jammed with 12,000 cheering spectators. Sectional rivalry was intense. Not until the game was over did the audience realize that it was furthering an advertising scheme. Then each male spectator was presented with a sample package of Duke's new Cross Cut cigarettes, with the compliments of W. Duke Sons & Company; each woman onlooker with a set of photographs of the world's most famous actresses. Nevertheless, the ~~dashing~~ Cross Cuts had put on such a good show that next morning's *Cincinnati Inquirer* mentioned the game on the front page and carried a detailed account in the sports columns.

Small promptly took the team on a tour of the Middle West, flooding each city with circulars in scareheads: "Desperate Battle Between North and South on Friday Night! The Champion Cross Cuts of Durham, N. C. vs. a Picked Team of Local Stars!!

The Cross Cuts Are the Finest Polo Club on Skates in the ENTIRE United States!!!”

Fortunately Small had selected his players for their skill as well as appearance and they lived up to his billing. Packed rinks greeted them everywhere and the newspapers were lavish with space. Sales of Cross Cut cigarettes zoomed. This despite the fact that the popular Sweet Caporals, hand made and without a blemish, were sold to dealers at \$3.85 per thousand as against a price of \$4 per thousand on the machine-made Duke cigarettes.

In the vigorous battle of the rival brands, cunning stratagems were employed to boom sales and force reluctant dealers to stock cigarettes. Men were hired to pose as customers and make the rounds, inquiring for one brand and one brand only. One of Small's favorite devices for bringing a dealer into line was to station street Arabs in front of the store, with instructions to give a free package of Cross Cuts or Cameos to every customer. Duke, in New York, matched this by placing men with bulging sacks of cigarettes at the Immigration Station. Each wondering male immigrant, as he set foot upon American soil, was presented with a package of the strange new smokes. “These people will take our cigarettes all over the country,” said Duke. “It's whopping good advertising.”

Despite—perhaps because of—the lavish outlay for promotion, the New York branch showed a profit in

its second year. With sales approaching a million cigarettes a day, Duke indeed seemed to have turned the corner. In 1885, W. Duke Sons & Company did a business of \$600,000, triple the volume of two years previous. Capitalization was promptly increased to \$250,000 and the business incorporated. Washington Duke rejoined the firm, buying the interest of R. H. Wright, now returned from selling Duke cigarettes in sixteen countries. Mr. Wright wished to buy control of another tobacco company.

The senior Duke had not been happy in his five years of retirement. His nose had been close to the grindstone too long. Each day, in fact, he had managed to drop into the works, generally pausing on the way to exchange badinage and salty comment upon the events of the day with his old crony, Squire M. A. Angier. Although Duke's boy Ben had married the Squire's daughter Sarah, the old gentlemen never found themselves in agreement on matters political and their daily encounters were a source of joy to onlookers. One of Squire Angier's pet jokes concerned the size of his feet. He'd h'ist one foot on his desk and remark: "There's only one other foot in North Caliny as big as this and here it is," and he'd elevate his other foot. "Why, that onery Democratic cuss can't even tell the truth about *that*," would comment Wash Duke. "Everybody in town knows my son Buck's got bigger feet." Arriving at the plant, the elder Duke would wander about, chat-

ting with the older workmen, looking over the stock pile and invariably asking two questions: how orders were coming in and how much cash was on hand? Sunday mornings also he appeared at the plant to teach a Sunday-School class he had formed some years before among the workingmen. From this class grew a little brick church, the Main Street Methodist, which Washington Duke largely financed and in which he remained the leading figure until his death.

Soon there came another change in the firm. Brodie Duke also sold out. The stepbrother's convivial habits had resulted in more than one collision, and he had always refused to subscribe to the stern working regimen of Buck and the others. The final break came when Brodie, drunk as a lord, rode into the factory astride his favorite white horse. Soon after, his wife died, leaving him at forty-one a widower with three small children. Thereafter Brodie was to indulge in many a foray, both commercial and matrimonial, to the wry distaste of the other Dukes. His adventurous, fun-loving nature would lead him into startling ups-and-downs, yet he finally died a millionaire. And Wash Duke, despite their differences in temperament and outlook, always had a deeper affection for Brodie than for the others.

The firm now comprised three Dukes and George W. Watts. All were capable business men. Yet Washington Duke was approaching seventy and Ben Duke and Watts were not men of much physical vigor. More

and more the burden of the entire enterprise fell upon the broad shoulders of Buck Duke. In this exciting period, the youngest partner simply reveled in the responsibility.

"I hated to close my desk at night," he reminisced later, "and was eager to get back to it early next morning. I needed no vacation or time off. No fellow does who is really interested in his work. There ain't a thrill in the world to compare with building up a business and watching it grow before your eyes."

However, there was one phase of business routine to which he was still constitutionally averse. Writing a letter was like pulling an eye tooth. Accordingly he summoned from the Durham office an agile young clerk, D. C. Patterson, and placed him in charge of office correspondence. Patterson, making the most of his opportunities, became the first in a long list of Duke aids who were to win high place and great wealth.

As his sales and promotion expenses increased by leaps and bounds, Duke began to negotiate with New York financial houses for small loans, usually in the form of thirty- or sixty-day notes. Patterson, who knew the firm's bank balance was substantial, was puzzled by these maneuvers and made bold to ask the reason.

"You'll know soon enough," grunted Buck with a grin, and ringed his desk calendar with the due dates.

The notes were paid promptly, generally two or

three days in advance. And before long smooth, well-groomed gentlemen from Ward & Company, Goldman, Sachs, and other Wall Street houses were dropping in to solicit Duke paper. Patterson knew now that his restless young boss was building up an invaluable credit asset which might shortly be needed—and was. For Duke, in addition to his main activities in the cigarette field, put into the market a combination plug of smoking and chewing tobacco upon which he bestowed the mellifluous title of “Honest Long Cut.” This promotion also required funds. Beginning as a side line, Honest Long Cut quickly caught on with the public and soon was helping finance the cigarette campaign.

With production for 1885 exceeding one billion cigarettes for the first time in the United States, it became evident that this form of smoking was more than a passing fad. Duke, as his procedure indicates, had foreseen this from the beginning. He felt also that large-scale machine production would inevitably tend to concentrate the industry in the hands of a few large manufacturers. And it was his inflexible purpose to become the largest frog in the pond. Within three years of his arrival in New York, he had gone far in the attainment of this purpose, cutting widely into the territories and business of his chief rivals—Allen & Ginter, Kinney Brothers, Goodwin of New York City and Kimball of Rochester, N. Y.—the so-called Big Four.

In 1884, the Big Four had looked upon Duke with contempt. They had called him not a manufacturer but a mountebank. He never received invitations to their annual banquets. Undisturbed by the pointed snub, the interloper merely remarked gruffly: "While they eat and talk, I work." Now, however, three years later, the Big Four had become thoroughly awakened to their peril. Stripping for action, they installed cigarette machines in their factories, called in advertising advisers and poster men, and prepared to fight Duke along his own lines. The intensified warfare was soon on, and it was a vicious, dog-eat-dog affair. The fierce struggle ended with Duke dictating terms, forming a mighty monopoly, and emerging, at thirty-three, a new star in the firmament of American industry.

Chapter V

The Birth of a Trust

IN THE YEAR 1889 the good people of these United States consumed 2.1 billion cigarettes; and the firm of W. Duke Sons & Company of New York and Durham, North Carolina, made and sold no fewer than 940,000-000 of this unprecedented total. Practically all of the remaining trade was concentrated in four Eastern concerns: Allen & Ginter, Richmond, Virginia; the Kinney Tobacco Company, formerly Kinney Brothers, and Goodwin & Company, both of New York City; and William S. Kimball & Company of Rochester, New York.

During five years of cut-throat competition in the new industry, Buck Duke had forged ahead of the pack

and was now running in front like a mechanical rabbit pursued by a field of panting whippets. The method of the young man with the cold blue eye was simple: bold promotion of his product, advertising and yet more advertising, on billboards, dead walls, barns and fences, in newspapers, theatre programs, trade organs. With no more ethics than an aborigine, he slipped key dealers secret rebates and money bonuses, and originated a system of coupons, later widely copied. Those who collected enough coupons received articles of utility and adornment, ranging from floor mops to imitation diamond stickpins. Though scarcely aware of it, as he planned and schemed, Duke at once was changing the smoking habits of a nation and pioneering a new technique in merchandising that was to prove of tremendous social significance.

The newcomer's campaign was contrived and carried out with audacity and imagination quite beyond the scope of his competitors. Each night he mapped his strategy from the magnificence of a new \$10-a-week front parlor on Gramercy Park, poring over a thick book in which he kept a daily comparative record of sales by towns, cities and states, or tramping miles through the deserted streets of the business district. Walking was not so burdensome now that his kite-shaped feet were encased in huge, stout custom-made shoes, round at the toes as a Quaker's hat.

Sometimes Duke was accompanied by D. C. Patter-

son, the youth he had summoned from Durham as office assistant and general handy man. It was to Patterson that Duke first spoke of his enormous admiration for John D. Rockefeller, and wondered aloud if Rockefeller's achievement in organizing the Standard Oil Company could not be accomplished also in tobacco. The idea had been in Buck's hard, practical head even before he left North Carolina.

"First," said Buck, analyzing John D.'s success, "you hit your enemies in the pocketbook, hit 'em hard. Then you either buy 'em out or take 'em in with you. Now," he added gleefully, "we've hit our enemies in the pocketbook and the time's come for the next step."

With Duke, to make up his mind was to act. That summer and fall of '89 there were rumors and stirrings and buzzings in the cigarette trade. Three of the four leading competitors, properly approached, said they were unwilling to sell out to Duke, but agreed to join a combination. The fourth firm, Allen & Ginter, biggest of them all until Buck blazed his way to the front, held out longer. Its chieftain, Major Lewis Ginter, was on old-school gentleman whose pride of ancestry was matched only by his pride in his Richmond Straight Cuts. He had met Buck once or twice and cordially detested him as a crude, coarse vulgarian.

Nevertheless, business sometimes makes even stranger bedfellows than politics; and, after some preliminary steps, ten men met in New York late in 1889

to form the American Tobacco Company. They were: Lewis Ginter, John Pope and George Arents, of Allen & Ginter; J. B. Duke, Benjamin N. Duke and George W. Watts, of W. Duke Sons & Company; F. S. Kinney and W. H. Butler, of the Kinney Tobacco Company; W. S. Kimball, of William S. Kimball & Company; and Charles G. Emery, of Goodwin & Company.

Although accompanied by Williamson Whitehead Fuller, agile young attorney who had served his company well since hanging out a shingle in Durham some years before, Buck Duke did his own talking. He talked effectively and to the point. He was in the driver's seat and knew it. For, with an outlay of \$800,000 for advertising and promotion schemes, W. Duke Sons & Company was doing a business of between \$4,000,000 and \$4,500,000 a year, with indicated net profit for 1889 of a cool \$400,000—approximately as much as the four other firms combined.

Duke blandly proposed that the new corporation be capitalized at \$25,000,000—300,000 shares of common stock at \$50 each and 100,000 shares of 8 percent non-cumulative preferred stock at \$100 each. The entire capital stock would be exchanged for the plants, chattels, brands, good will, etc., of the five constituent companies. The percentage of stock allotted to each firm would be based upon its “live or active assets”—real estate, buildings, equipment, leaf tobacco or manufactured goods on hand, etc. These, the gentlemen

estimated, would total \$5,000,000. They were over-optimistic, actual inventory later showed, by the tidy sum of \$1,825,000. However, individual notes were accepted by the new company to make up the difference and stock was allocated in the following proportion: Allen & Ginter and W. Duke Sons & Company, \$7,500,000 each; Kinney Tobacco Company, \$5,000,000; Kimball & Company and Goodwin & Company, \$2,500,000 each. In that period of frenzied finance, when men were gambling on the future, such excess of capitalization over tangible assets was common practice. And Buck Duke's calm certainty that huge earnings could be counted upon, now that all was sweetness and peace in the industry, stirred a money-itch and soothed the fears of even the most conservative of his quondam competitors.

Years later, on the witness stand, Duke was asked:

"What did you estimate the value of the business, property and assets of W. Duke Sons & Company in 1889, good will, brands, etc.?"

"Seven and one-half million dollars," was the prompt reply. "What we sold it to the American Tobacco Company for."

"Did you estimate that to be a fair value?"

"Yes. The first year the company had it they paid a good return on that value."

"So that in the five years between 1885 and 1890

the business had grown from about the value of \$250,000 to the value of \$7,500,000?"

"Yes, sir."

"Had that been simply on account of the intelligent work done and successful efforts?"

"Yes, sir."

Duke said his principal motive in forming American Tobacco was to assemble an organization which would be more efficient and consequently would make more money "because you can handle to better advantage a large business than a small business," adding:

"I had very little assistance in conducting our business. My father was a very old man and he had practically retired. Mr. Watts and my brother, B. N. Duke, were in very bad health, and my brother, B. L. Duke, had nothing at all to do with the business. That left the management in my hands and I had not time to really build up an organization, except to do the clerical work, or direct what was to be done."

The ten incorporators of the American Tobacco Company chose themselves directors. Though several winced at the prospect, all recognized that Duke was the logical man to run the combination he had brought into being. Thus he was elected president, with Pope and Kimball as vice presidents, Butler as secretary and Emery treasurer.

As a compliment to Major Ginter, a charter was first obtained in Virginia. This raised instant outcry

that the Old Dominion was fostering a tobacco monopoly, and the Legislature hastened to rescind its grant. Major Ginter remarked dryly: "Like some comely young ladies, we are chaste but too much talked about."

New Jersey, already notorious for its lax corporation laws, proved more hospitable. Here American Tobacco, incorporated January 31, 1890, was empowered to do business all over the world and, specifically, "to cure leaf tobacco and to buy, manufacture and sell tobacco in all its forms, to establish factories, agencies and depots for the sale and distribution thereof, and to transfer and cause the same to be transferred as an article of commerce, and to do all things incidental to the business of trading and manufacturing."

It was a sweeping authorization, and Duke proceeded to make the most of it. His first move was to obtain exclusive use of the most successful cigarette machines. Patents upon two machines, the Allison and the Emery, were owned by his new allies. After thorough tests, both were scrapped in favor of the Bonsack machine which both Allen & Ginter and the Dukes had been using on a royalty basis. Two or three smaller concerns had also been renting Bonsacks, though their combined output hardly cut a dent in American Tobacco's 90 percent monopoly. However, Duke decided to snuff them out. To them went the distinction of becoming the first in a mournful procession of some 250 companies and individual plants

which were either to be absorbed or driven out of business.

Dangling a guaranteed royalty of \$250,000 a year before the dazed officials of the Bonsack Machine Company, Duke "persuaded" Bonsack to grant American Tobacco exclusive use and control of its machines. control

The contract was to run for three years, with privilege of renewal at Duke's discretion. Bonsack was obligated to see to it that not a single one of its machines remained in any competing factory in the United States after March 1, 1891. Furthermore, the contract could be canceled immediately if, in any twelve consecutive months, as many as 100,000,000 cigarettes should be manufactured by any rival or upon any machine not controlled by the Bonsack Machine Company. Duke was thus craftily protecting himself against possible development of new machines. The contract remained in force until the end of 1895, when Bonsack, through judicial decisions, lost exclusive rights in important parts of its machine. Then American Tobacco purchased outright the machines it was leasing, having gained by this time an overwhelming lead over competitors and would-be competitors. purchased

Duke's gifts as organizer, merchant, financier came into full flowering during the early days of the new combination. Surrounded now by hard-bitten, practical tobacco men, he welded into one five loose-knit organizations of buyers, salesmen, executives. With

uncanny skill, he selected the hustlers and the business getters among the personnel of the merging firms, eliminating the others as decisively, as smoothly as the guillotine lopping off heads. "Don't ever ask me for a raise," he'd tell each new man. "I know what my people are worth, and when they earn a raise they'll get it." The interests of the business, he insisted, must be placed above all others, even family obligations. When his crack Western salesman, Edward F. Small, refused to move his wife and children from Atlanta to Cincinnati but persisted in visiting them periodically in Georgia, Small was dismissed as curtly as though he had been an office boy.

On the other hand, the big, stoutening tobacco magnate could soften on occasion. Scrapping his East Side plant and moving his personal headquarters to the big Kinney branch factory on West 22nd Street near the North River, Duke took with him a clerk of whom he had grown fond, a Carolina lad named Joe Scanlon, whose weakness was liquor. Regularly he'd slip out for hookers and return on reluctant legs. And regularly Duke, who seldom took a drink during business hours, would meet him at the cooler, fill him with water and lead him back to his ledger, the while wagging a forefinger and delivering a low-voiced but emphatic lecture. Buck stuck to his erring employee a long time, eventually sending him to the Orient, where, during

an attack of delirium tremens, Joe leaped from a boat and was drowned.

Concentrating manufacture in three main plants—in New York, Durham and Richmond—Duke quickly beat down to less than ten cents the labor cost in turning out a thousand cigarettes. A sharp curtailment of premiums, coupons and other promotion schemes saved more than \$1,000,000. An even more profitable innovation was a so-called “consignment agreement,” aimed at preventing cut-rate selling. This agreement bound dealers, wholesale and retail alike, by formal pledge, not to sell cigarettes at prices lower than those fixed by the new monopoly. The dealer was permitted a rebate of thirty-five cents per thousand under the broad condition that he would “co-operate with the company, promote its interests and handle the cigarettes to its satisfaction.” The jobber or retailer who balked (and at first there were many) found himself at once cut off completely from his supply. If one wholesaler attempted to supply another, who was blacklisted, or if either tried to sneak cigarettes to a rebellious retailer, all three were cut off. The blacklist worked with such uncanny precision that many a dealer grew to suspect that someone within his own organization was tipping off Duke’s watchful field agents. Later Duke decreed that the jobber who promised to handle only Trust cigarettes should be allowed a flat profit of 10 percent—a margin much below that obtaining in the

lush years of unrestrained competition. Everywhere there was grumbling and complaint, but the unorganized dealers were in no position to combat the rough, ruthless individual who now dominated the cigarette industry.

Small wonder then that, with cigarette production bounding toward the three-billion mark, American Tobacco, in its first full year of operation, cleared over \$3,000,000. With his salary of \$25,000, Duke's individual share of the profits topped \$250,000. The company paid the required 8 percent on its preferred stock, 10 percent (soon raised to 12 percent) on its outstanding common stock, and reported a surplus of \$1,300,000.

Duke's forecast of the benefits of combination over wasteful competition had come brilliantly true. However, this thirty-five-year-old Alexander of industry was just beginning his assault upon the American pocketbook. Other branches of the tobacco business beckoned, particularly the plug- or chewing-tobacco field. Despite the growing popularity of the cigarette, America was still a land of the Ever-Moving Jaw, as a famous German author, Wilhelm von Polenz, ~~wittily~~ observed, visiting these shores for the first time.

In Louisville, Kentucky, there was a firm known as Pfingst, Doerhoefer & Company, consisting of a number of partners, who had been long and successfully carrying on the business of manufacturing plug to-

bacco. Its brands, made of heavier Western burley, included Battle Ax, Piper Heidsieck and Newsboy. For quite a while Duke's eye had been upon Pfingst, Doerhoefer as a possible entering wedge for American Tobacco's excursion into other fields; and when he considered the time ripe asked Basil Doerhoefer to visit him in New York. The interview was long and earnest. Doerhoefer emerged feeling himself no longer a small-town manufacturer but a big business man in the making. Duke had overwhelmed him with facts and figures and a glowing picture of what the future held for him if he would hitch his wagon to the Duke star. "Peanut money," said Buck, when he learned the comparatively modest profit the Louisville enterprise was returning. "Come in with us and I'll show you how to make some real money. But we'll have to change your firm's name. It ain't a good selling one."

Events followed fast. In January, 1891, Pfingst, Doerhoefer & Company was converted into a corporation, the National Tobacco Works, with a capital stock of \$400,000, all of which was issued to the partners. Almost immediately thereafter, in February, the American Tobacco Company purchased all the capital stock of the new corporation, paying \$600,000 cash and \$1,200,000 in American Tobacco stock. The members of the previously existing firm bound themselves by contract to enter American Tobacco's service and to continue managing the business. Each further agreed

that for ten years he would not engage in carrying on, directly or indirectly, or permit the use of his name in carrying on the tobacco business in any form. Basil Doerhoefer's personal reward was election to the parent company's board of directors.

Two months later American Tobacco bought out the business of Philip Whitlock of Richmond, Virginia, maker of "Old Virginia Cheroots," for \$300,000. Whitlock yielded exclusive use of his name and trade mark, agreed to become a salaried employee of American Tobacco and not to enter the tobacco business again independently for at least twenty years.

In that same month of April, 1891, two prominent Baltimore concerns, Marburg Brothers and G. W. Gail & Ax, were purchased. Each was a large manufacturer of chewing and smoking tobacco, fine-cut and snuff. Marburg Brothers received a cash payment of \$164,000 and stock in American Tobacco to the amount of \$3,075,000; Gail & Ax \$77,000 in cash and \$1,760,000 in stock. Both firms gave up their identities, and the various partners agreed not to engage in the tobacco business either under their own or any other names for a specified number of years. The Gail & Ax plant was abandoned, while George W. Gail and W. A. Marburg later became directors in American Tobacco.

The result of these purchases was at once manifest in the product of the company. It now had become a

factor in all branches of the tobacco industry. In addition to the cigarette monopoly, a firm foothold had been won in cheroots, smoking tobacco, fine-cut, snuff, and plug.

"I wanted to make every style of tobacco the public might demand," Duke explained later. "If the consumer didn't want to smoke cigarettes, he could smoke granulated, long-cut, plug-cut or any kind that pleased him. And I wanted him to take our kind in place of the other fellow's. There was another big advantage in going after variety. Our drummers could take out on the road with them a full line of goods and of course that cut down our selling expenses."

To finance these acquisitions, American Tobacco's stock capitalization was increased from \$25,000,000 to \$35,000,000. As in the case of Standard Oil, men who accepted blocks of tobacco stock for their interests in purchased companies were the lucky ones. For, surmounting the panic of '93 like a strong swimmer, the company's profits zoomed in 1894 to \$5,000,000, the great bulk of it, of course, flowing from cigarettes.

Then came a snag.

Beginning in small and widely isolated communities, a wave of anti-cigarette agitation swept the country. For the first time Duke felt a hot current of public opinion beating personally against him, a current that was to grow stronger with the years. Ministers and

other moralists inveighed against the "coffin nails." Club women organized boycotts. Many cities passed ordinances, several State Legislatures bills prohibiting the sale of cigarettes to minors. Kansas barred them altogether. Physicians warned that the health of the nation was in peril. The evils were all laid at the door of Buck Duke and his Cigarette Trust.

In Durham, old Wash Duke was worried, particularly at the criticisms from the pulpit. Already the old gentleman and brother Ben were bestowing sizable tithes of their swelling incomes upon the church and many charities. "I wish Buck hadn't gotten us into this combination," said old Wash, sitting in the sun on his porch. "We were doing nicely running our own business in our own way and there wasn't all this fuss." Then, with a sigh, he made an observation that was to become famous in the Carolinas: "You know, there are three things I just can't seem to understand: ee-lec-tricity, the Holy Ghost and my son Buck."

Buck, however, wasn't over-disturbed. In every eruptive center of anti-cigarette agitation, he hired lawyers and lobbyists and fixers and discovered the sweet uses of fat sums, properly applied. His cynicism and the thickness of his hide increased with each experience. From then on until the end of his days he was to be shadowed by lawyers, and he taught them many a trick not found in Blackstone.

Also Duke battened down his hatches by buying

three concerns making little cigars and so-called all-tobacco cigarettes. For strangely enough, the anti-cigarette crusade was directed entirely against the paper-wrapped type. The first purchase was of a small New York company calling itself Consolidated Cigarette.

"Consolidated made its little cigars by machinery," explained Duke afterward. "This was really the first little-cigar machine we had heard of and we had to buy the business to get it. We got stuck on the machine because it never worked for us to any advantage. A while later we got another one that was better. At the time Chicago and other places were agitating laws and taxes against the paper cigarette and we thought we'd better look ahead and get ready to put all-tobacco brands in markets that might not allow us to sell paper cigarettes."

Soon after the business of Herman Ellis of Baltimore was acquired; and Ellis, able and experienced in making all-tobacco cigarettes, was given charge of this branch of the Trust's business. Then Thomas H. Hall of New York suffered a mental breakdown and his trustees sold Hall's popular "Between the Acts" little cigars to American Tobacco.

All these purchases were made as security insurance, Duke said years later. "From the way legislation was going all over the country it looked like the paper cigarette might be knocked out. We wanted to be pre-

pared with an organization of people and machinery and brands to go ahead with the all-tobacco cigarette."

However, attacks on the baleful cigarette lessened gradually and Wash Duke, in particular, breathed a sigh of relief. He had been hurt when a committee of ladies pointedly declined a donation of several thousand cigarettes for a church bazaar. The pious old father would have been even more concerned, nay, shocked and horrified, if he had known that his enigmatic son in New York had become infatuated with a tempestuous, pleasure-loving, young divorcee.

Chapter VI

A Woman and Warfare

THE YOUNG WOMAN who had come into Duke's life and was to exert extraordinary influence had been born Lillian Nanette Fletcher, of a family long established in Camden, New Jersey. After vocal training under the famous Jean de Reszke in Philadelphia, she had come to New York with hopes of a concert career. Here she met and married William E. McCredy, prosperous coffee broker and sportsman. Under his tutelage she became a splendid equestrienne and was also often seen on the box of fashionable four-in-hands.

Not beautiful by conventional standards, Lillian McCredy had a fine figure and chose and wore her clothes with considerable taste. Of medium height, her

eyes were darkest blue and her hair blonde. Flirtatious, quick-minded, bubbling with vitality, men found her attractive. With them she was always ready for a lark or adventure. This led to frequent quarrels with her husband, and in 1892, after several turbulent years, she sued for a separation in the courts of New York. McCredy countered with a suit for divorce, naming a flour merchant, a broker and a young Cuban student, and introducing incriminating letters. The carriage man at the fashionable San Remo apartments, where the McCredys had lived, swore that the wife, in the absence of her husband, signalled to the Cuban by raising and lowering her boudoir blinds. There was more spicy testimony, much more. At the end McCredy won outright divorce. Soon after Lillian McCredy met Buck Duke by chance—in a hotel lobby, it is said—and within the year she was mistress of a five-story gray-stone mansion at 11 West 68th Street, just off Central Park. So far as even his daily associates knew, Duke lived at the Hoffman House, but his real home was the West 68th Street house.

“For a long time,” recalls a veteran office employee, “we knew Mrs. McCredy merely as a voice. There were only two telephones in the West 22nd Street plant, booths in the main hall, a long way from Mr. Duke’s office. But when she would call, as she often did, he would interrupt even a directors’ meeting and hurry to the phone. She never came to the office, but

once I caught a glimpse of the boss riding in an open cab on Fifth Avenue with a stunningly dressed woman. They were holding hands like a couple of kids, perfectly oblivious to anything but each other."

Soon Mrs. McCredy was riding in her own brougham, behind a matched pair, driven by Alex Herndon, a tall, gangling, yellow Negro whom Duke transferred from his shipping room. Alex took to his promotion with vast aplomb, sporting a rakish cockade in his glazed coachman's hat and in his scarf a moonstone pin large as a silver dollar.

There was undoubtedly a chemical affinity between Duke and Lillian McCredy. She was entranced by the sheer power and virility of the man. To him, with her musical gifts, her French novels which she was studying in the original, her instinct for fine clothes and furnishings, she was like a creature from another world. She planed off some of his cruder angles and with her keen, intuitive mind, helped him plan his business moves. The time was to come when Duke's favorite niece, brother Ben's little daughter Mary, would add "Lillian" to her name as a compliment to "Uncle Buck's sweetheart." When questioned by her chums as to the meaning of her new initials, Mary took delight in explaining that M. L. D. meant "Merry Little Devil." Later, and long before she became Mrs. Anthony J. Drexel Biddle, Jr., Mary dropped the "Lillian."

Just now, however, Uncle Buck was concerned in extending American Tobacco's foothold in the plug-tobacco field. Here Duke met opposition within his own ranks, opposition so determined that it almost unhorsed him. W. H. Butler, Major Ginter and others among the original incorporators believed that the company should concentrate primarily upon its lucrative cigarette business. Butler went to Col. Oliver H. Payne, the Standard Oil millionaire, and persuaded him and his speculative associate Herbert L. Terrell to buy enough American Tobacco stock upon the open market to curb Buck, whom Butler portrayed as bull-headedly bent upon wrecking the company. James R. Keane, the crafty market manipulator, was placed in charge of the campaign. Keane did his work quietly and well. Not until the eve of the stockholders' meeting did Duke realize what was happening. Then he sought out and obtained an interview with Payne, whom he had never met. Buck tossed a folded paper on the Standard Oil magnate's desk.

"What's this?" asked Payne.

"It's my resignation," replied Duke, gruffly. "Unless the stockholders back my plan to branch out, I am going to quit."

"What will you do then?" queried Payne, curiously.

"Open another factory at once," said Buck, looking the older man full in the eye. "Tobacco is the only

business I know and I can always make my living in it."

"Tell me about your plans for expansion, Mr. Duke."

Buck told him. In twenty minutes Payne had offered to back him to the limit and to join American Tobacco's board. Duke had a new and powerful ally. Before the next annual meeting, Butler, Ginter and the other rebels found it advisable to sell their stock and sever connection with the combination Duke had led them into five years before.

Now it was full speed ahead for Duke. He launched a fierce competitive struggle which became famous in the trade as the Plug Tobacco War.

Up to and even after the turn of the century, plug was a much more important factor in the industry than smoking tobacco. Government figures show that there were approximately twice as many "chawers" as smokers in the country; or at least that the American consumer used twice as much chewing as smoking tobacco. For instance production figures for 1897 were: plug and twist, 182,527,143 pounds; smoking tobacco, 90,998,751 pounds.

Plug manufacturers were divided into two groups: Eastern and Western. Those in the East used Virginia and North Carolina leaf; those in the West the heavier burley tobacco. Because of its peculiarly absorbent character, the Western burley contained much larger

quantities of sugar, licorice and other so-called "cas-
ing" materials than the drier, lighter Eastern leaf.

As early as 1884 a number of plug manufacturers had organized the "Trade Mark Protective Association of Plug Tobacco Manufacturers." This evolved into the "Manufacturers and Buyers' Association of the United States," the avowed purpose of which was to prevent price cutting among jobbers. The Association's membership included among others the P. Lorillard Company of Jersey City; Liggett & Myers, Drummond and J. G. Butler tobacco companies, all of St. Louis; the P. J. Sorg Company of Middletown, Ohio; and John Finzer and Brothers of Louisville, Kentucky. This association held together loosely and apparently had no monopolistic designs. However, in 1890, the year of Duke's cigarette combination, rumors were rife in the industry that the Lorillard and P. J. Sorg companies were seeking to combine the leading plug manufacturers. The plan failed, a result attributed to the opposition of Liggett & Myers and the Drummond companies. By 1894, Liggett & Myers, Lorillard and Drummond were the Big Three of the plug-tobacco trade with outputs of 27,000,000, 20,000,000 and 14,000,000 pounds respectively.

Duke's own figures for 1894 could not match these. In Louisville, American Tobacco's National Tobacco Works, formerly Pfingst, Doerhoefer, turned out exactly 8,974,118 pounds of plug, a gain of less than

4,000,000 pounds in three years. This despite Duke's intensive efforts to boost plug sales by bestowing liberal rebates and secret price reductions on cigarettes to dealers who would push his chewing tobacco. Accordingly, American Tobacco's vigorous boss determined to put some real punch into the fight. A solid train, loaded with Newsboy chewing tobacco, was shipped from the Louisville plant to Missouri River points, with a fanfare of advertising. The stunt attracted wide attention. In October, 1895, Duke enlarged his plug-manufacturing facilities by purchasing the J. G. Butler Tobacco Company of St. Louis for a small amount in cash and \$453,000 in American Tobacco stock.

Followed a bold, vigorous campaign, waged along familiar Duke lines, which threw the trade into turmoil. Using its immense cigarette profits, American cut the price of chewing tobacco to the bone, often below cost of production. Appropriately enough, Duke employed as the spearhead of his attack the Battle Ax brand of his National Tobacco Works. For years this one-pound bar of plug had been sold at retail at fifty cents. In rapid gulps the price was now reduced to forty, to thirty, even to twenty cents a pound. For a time jobbers could buy Battle Ax at thirteen cents—though the revenue tax alone was six cents a pound. Billboards and wall space were covered with Battle Ax's name and claims, especially in sections where

P. Lorillard & Company's Climax and Liggett & Myers' Star were favorites. Drummers roamed the country, distributing free samples. The millions who chewed, man and boy, were in clover. Along with these spectacular methods, Duke took full advantage of his cigarette monopoly. Dealers who failed to display Battle Ax prominently in their windows or show cases found their shipments of cigarettes curiously delayed or sometimes stopped altogether.

For the most part, competing plug manufacturers were staid, conservative men, content to rock along year by year, and quite unable, by inclination or temperament, to match either Duke's whirlwind tactics or his decidedly elastic commercial morality. However, in flurried fashion, they fought back. Led by the Big Three, they even called a powwow in St. Louis and discussed forming an anti-Duke combination. Though nothing came of this particular meeting, some of the men Duke was assaulting so furiously decided to build a fire in his back yard by making cigarettes. As a result, by July, 1897, St. Louis was producing 15 percent of the country's cigarettes. Meanwhile, plug prices had been cut further and new and cheaper grades appeared on the market. The P. J. Sorg Company even sold to the retailer at fifteen cents a sixteen-ounce plug called "Quality and Quantity." Despite its reassuring title, Quality and Quantity, it must be recorded, tasted as

though made of shredded leather which had lain long in the sun.

Still Duke forged ahead. His sales of plug jumped to 22,000,000 pounds in 1896 and to 38,000,000 pounds in 1897. In four years his proportion of the country's total plug business had increased from 5.6 percent to 20.9 percent. However, losses on plug were averaging a million dollars a year and cutting heavily into the profit on cigarettes. Indeed American Tobacco's net earnings for 1897 showed a decline of more than \$800,000 from the \$5,000,000 earned in 1894, when it had sold only 9,000,000 pounds of plug tobacco.

The loss would have been infinitely greater if the company had not used its monopoly power in cigarettes further to scale down the price it was paying the farmer for its raw tobacco. Fortunately, as Duke looked at it, leaf tobacco was swamping the marts of the newly christened Golden Belt in North Carolina, and Duke's buyers were able to pick up choice cigarette tobacco dirt cheap. Indeed the Trust, for some years now, had been able pretty much to manipulate prices at will. If one year's crop was meager, it paid prices high enough to insure increased production. When a bumper crop was garnered, the farmer found himself compelled to sell at less than the cost of production. "By this vicious circle the Trust sought to make the country believe that the law of supply and

demand was at work," comments Josephus Daniels in his Autobiography. "But it was a law which the Trust controlled."

Daniels, editor of the *State Chronicle*, later the *News and Observer* of Raleigh, and Col. John R. Webster, proprietor of *Webster's Weekly*, had constituted themselves the chief champions of the farmers in North Carolina. During the Plug Tobacco War, they opened up on the Trust with renewed vigor. Buck Duke closed his ears, but his father, who was beginning to feel himself engulfed by forces he could not control, took the attacks to heart. One day Wash Duke, in Raleigh on a Sunday-School picnic, entered the office of the *State Chronicle* and Editor Daniels, through an open door, heard him say to the bookkeeper: "Let me know how much I owe on my subscription: I want you to stop sending me this paper. It is always abusing me and I don't want to read it any more."

Mr. Daniels asked the old gentleman into his private office and they had a long talk. Daniels told his visitor that he had always rejoiced in the latter's prosperity but that the American Tobacco Company was destroying for others the very opportunities which had enabled him and his sons to prosper. The editor thus reports the conversation:

We spent an hour in discussion, I stressing the evil and illegality of trusts and he defending the combination that had become a monopoly. When I gave evidence that his

Trust was pressing down the price of tobacco and impoverishing the growers he said: "That is a mistake. We should pay fair prices." And then almost in a whisper Mr. Duke said: "I am just talking to you now; I don't want you to say anything about this. I wish Buck had never put us into the company and that we could carry on our business like we used to do it. We were making lots of money and did not have any criticism." This is the first time I ever related Mr. Duke's confession to me because he said it was between us. I think he was perfectly sincere. He never fully understood the evils of the Tobacco Trust. He didn't know what it was all about. In fact, he never understood the genius of his son Buck.

As we have seen, this was not the first time the senior Duke had expressed regret over his affiliation with his son's monopoly.

The war went on. Despite further price slashing and other expedients, Duke continued to gain.

By 1898 a number of leading independent plug manufacturers, wearied of the struggle, expressed willingness to merge with American Tobacco. First negotiations broke down partly because of increased taxation during the Spanish-American War. Duke put on additional pressure by buying two more important plug concerns: the Drummond Tobacco Company and Brown Brothers, both of St. Louis. With Drummond he got a couple of capable young executives, R. B. and C. C. Dula, brothers; with Brown a valuable

secret process for indefinitely retaining moisture in manufactured tobacco. At once he cut the price of Drummond's immensely popular Horseshoe brand in half, and prepared to follow suit with Brown Brothers' famous Standard Navy brand. That proved too much for the kidneys and pocketbooks of most of the remaining independents. One by one they capitulated. Only the fine and prosperous old firm of Liggett & Myers of St. Louis resisted, for a reason soon to become apparent.

In an effort to swing a quick deal for P. Lorillard & Company, Duke worked personally on gay young Pierre Lorillard who held him off on several occasions by pleading social engagements. Once, when a party of roistering friends broke in upon a conference in the Lorillard town house and insisted upon bearing Pierre away for an evening of fun, Duke grunted to his lawyer, half enviously, half contemptuously: "Fuller, guess I'll have to go out and buy me some friends." The lawyer remained discreetly silent. Although Duke had given him the opportunity to graduate from a small town to highly remunerative corporation practice in New York, Will Fuller entertained no illusions about his master's capacity for friendship where business was concerned.

However, Lorillard finally capitulated when offered \$6,000,000 for his \$3,000,000 common stock and assured that he could continue running his busi-

ness and marketing his goods under their familiar labels just as though he had remained genuinely independent. Before long five other leading competitors agreed to pool assets with American Tobacco in a gigantic chewing-tobacco combination to be known as the Continental Tobacco Company. These were: John Finzer & Brothers, Louisville, Kentucky; P. H. Mayo & Brother and the J. Wright Company, both of Richmond, Virginia; P. J. Sorg Tobacco Company, Middletown, Ohio; and Daniel Scotten & Company, Detroit, Michigan. In addition, there were of course American Tobacco's own four tobacco plants. The ten large plants which formed the new combination produced annually 106,000,000 pounds of manufactured tobacco in the following proportion: plug tobacco, 84,000,000 pounds; smoking, 15,000,000 pounds; fine cut, 5,000,000 pounds; snuff, 2,000,000 pounds. Duke's new empire held vast possibilities for future development.

Financing and organizing details of the Continental Tobacco Company were worked out by Duke, Col. Payne and the Wall Street brokerage house of Moore & Schley, which had aided in the protracted merger negotiations. The general plan closely resembled Duke's organization of American Tobacco, though on a scale even more sanguine so far as the anticipation of future earnings was concerned. Chartered in New Jersey, December 10, 1898, Continental Tobacco is-

sued \$62,000,000 of its authorized \$75,000,000 stock, evenly divided between common and 7 percent non-cumulative preferred stock.

Duke, Payne and their associates received \$30,000,000 for the four plug plants American Tobacco put into the combination, and from the beginning American Tobacco interests dominated Continental. Duke became president at \$50,000 a year, and of the fifteen directors eight were American Tobacco men: J. B. Duke, John B. Cobb, Basil Doerhoefer, Harrison I. Drummond, Robert B. Dula, Paul Brown, Oliver H. Payne, Herbert L. Terrell.

Continental was greatly overcapitalized, the common stock being issued wholly as a bonus. This moist condition became even more pronounced when that matchless manipulator, Thomas Fortune Ryan, and his associates of the so-called "traction crowd," P. A. B. Widener, A. N. Brady, W. C. Whitney and Thomas Dolan, decided to horn in on the tobacco bonanza.

Through a series of bold forays, which perhaps no other man in Wall Street could have engineered, Ryan, in a few short months, tossed together a formidable possible rival to American Tobacco and Continental and dictated his own peace terms. Using W. H. Butler, who still nursed a grudge against Duke, as his field agent, Ryan, in October, 1896, bought for \$800,000 a small concern, the National Cigarette & Tobacco Company, which for several years had been able to

survive American Tobacco's competition through its control of two fairly successful cigarette machines, the Elliott and the Baron.

Duke had good reason to remember National Cigarette. To it he had long ascribed an abortive attempt in New Jersey three years before to have American Tobacco's charter annulled. Also upon National Cigarette he placed the blame for an indictment returned May 8, 1896, by the Grand Jury of New York County against himself and his fellow directors for conspiracy to restrict and prevent competition. The charge was only a misdemeanor but had proved troublesome. To avoid trial, the American Tobacco men had been forced to pledge a halt in their coercive so-called "secret factor" agreements with dealers. And now here was this picayune outfit, which had spurned offers Duke had made for their one-horse business, selling out to others.

The month after his purchase of National Cigarette & Tobacco, Ryan snapped up, at less than \$25 a share, practically all of the \$4,000,000 stock of Blackwell's Durham Tobacco Company. Under an able and energetic young general manager from Philadelphia, Percival S. Hill, the famous old Bull Durham of Buck Duke's boyhood was still outselling Duke's Mixture and other nickel sacks of granulated smoking tobacco; but there had been changes in its personnel. William T. Blackwell, the "father of Durham," had gone broke

in banking and was now reduced to living on his modest salary as postmaster. Genial General Julian S. Carr had so many irons in the fire and was of so generous a nature that his fortune also was seeping away. He was unable to protect his stock against the Ryan-Butler raid.

Ryan combined National Cigarette and the Bull Company into a paper concern, Union Tobacco Company of America, which he calmly capitalized at \$22,000,000. The new enterprise enjoyed the sage advice and directing counsel of Ryan's legal mentor, Elihu Root. Then Ryan went after a real prize, Liggett & Myers, dangling golden bait before President Moses C. Wetmore and the conservative St. Louisians on Wetmore's board. Simultaneously, Ryan's spokesman Butler, with hand upon his heart, loudly and publicly decried the evils of monopoly and pledged that Union would fight to the finish against American Tobacco. To the dealer, sweating under the screws of the Trust, and to the consumer, who thought he had noted for some years a decline in the quality of his smokes and chews, Butler's bold assurance seemed like good news. Events, however, soon dispelled their hopes.

Early in 1899, Ryan informed Duke that he had obtained an option—this had cost him only \$200,000—to purchase Liggett & Myers for \$11,000,000. Ryan added that he intended to make Liggett & Myers the keystone of a vast company manufacturing all types

of tobacco, and what did Mr. Duke propose to do about it? At first Mr. Duke saw red. Ryan was a low fellow of no principle, he told Lillian McCredy and others, using such an ingrate as Bill Butler to stab him (Buck) in the back. Dinged if he'd stand for it, danged if he would. But his cooler judgment told him that Ryan had three aces in the hole: a cigarette concern, a smoking-tobacco factory and a big plug plant. And so, after several acrimonious interviews (a stenographic transcript of the conversations would be worth its weight in platinum) and a brief but bitter tug of war, Ryan and Duke got together, and arrangements were made for American Tobacco to buy Union, and for Continental to take over Liggett & Myers. The terms, when finally settled upon, gave Ryan and his associates important holdings in both branches of Duke's Trust.

Increasing its common stock by \$35,000,000, American Tobacco issued \$12,500,000 of this scrip to pay for Union, which was promptly dissolved. Ryan and his group had made a fabulous profit, perhaps \$20,000,000, in a few months. But there was enough for all, meaning of course the gentlemen at the top, in a business where \$5,000,000 yearly was being garnered in cigarettes alone. Now that the horizon was clear for a time at least, American Tobacco issued a 100 percent stock dividend to common stockholders. Outstanding

capitalization now was \$54,500,000 common, \$14,000,000 preferred. Here it would remain until 1904.

Simultaneously, Continental issued \$35,000,000 in common and preferred stock, in equal proportions, to pay for the property and business of the Liggett & Myers Tobacco Company, receiving in return \$5,000,000 in cash. Continental's total outstanding issue of stock now consisted of \$48,844,600 preferred, \$48,846,100 common, or \$97,690,700 altogether, an amount which thereafter remained unchanged.

At the same meeting, March 28, 1899, at which the 100 percent common stock dividend was voted, American Tobacco added to its board Anthony N. Brady, Thomas F. Ryan and P. A. B. Widener. A little later, Ryan and Brady, with Thomas Dolan and W. L. Elkins, were chosen directors in Continental. From that time on these men, particularly Ryan, were to be important factors in the control of the entire tobacco combination. Incidentally, Ryan and Duke, though never more affectionate personally than two taran-tulas on a leaf, grew to admire each other's commercial acumen and engaged in many a private speculation together.

As a mournful footnote to the Ryan deal, Blackwell's proud old Durham Tobacco Company disappeared as a North Carolina corporation. Both in Durham and throughout the State, the Bull was looked upon as a Tar Heel institution, and holders of the

small block of stock which Ryan had been unable to purchase threatened suit to set aside the company's transfer to the Trust. Making use of this threat, American Tobacco, as the principal stockholder, petitioned for a friendly receiver and the sale of the Bull property so that claims of outside stockholders could be settled. The petition was granted; American Tobacco bought in the assets and promptly dissolved the North Carolina company. Duke, paying no attention to a hornet's nest of criticism which accused him of lacking local pride, formed in New Jersey a new corporation under the same name, all the stock of which was taken by American Tobacco. The new Blackwell's Durham Tobacco Company was used as a holding company through which to control other concerns, ownership of which, for one reason or another, it was not considered desirable for the Trust to acknowledge. The episode did not add to Duke's popularity in his home state.

From the Bull Durham organization Duke recruited two men who were to prove invaluable viceroys: Percival Smith Hill and Rufus Lenoir Patterson.

Born in Philadelphia in 1862 of English-Scotch ancestry, Hill divided his four collegiate years evenly between the University of Pennsylvania and Harvard. Beginning his business career as a jobber in cotton, wools and yarns, he became associated with the wholesale cotton firm of Boyd, White & Company and re-

mained with them for eleven years. Becoming interested in the fast-growing tobacco industry in the early '90's, he went with the Blackwell's Durham Company as executive manager and had just been selected for the presidency when the Ryan syndicate bought the company and, as we have seen, sold it to Duke. After one meeting, Duke sized up Hill as a comer and placed him in charge of American Tobacco's sales in the Philadelphia district. Here his work was so satisfactory that, within a year, Duke brought him to New York, promoted him to a vice presidency and gave him supervision of all sales divisions throughout the country. Hill's native ability and willingness, nay, eagerness, to carry out orders without undue regard to ethics, soon placed him within the inner circle of Duke's small group of trusted executives. Many years later Duke was to say of Hill: "I am selfishly proud of him. He was my discovery. If I had not grabbed him and he had gone back to Philadelphia merchandising, as he was thinking of doing, he would have crowded John Wanamaker off the map."

Rufus Patterson was the son of a lawyer-planter in Salem, North Carolina. Keenly interested in mechanics, he had worked for two years in the Bull Durham factory with William H. Kerr whose pioneer invention of a machine for packing tobacco in bags had given the Bull a jump on its rivals. Kerr lost his life by drowning while he and Patterson were building an

improved packing machine. Patterson carried on and perfected a machine which automatically weighed, packed, stamped and labeled smoking tobacco. This remarkable contrivance could be operated by two workmen, one placing the bags on the machine, the other drawing the strings. Patterson called his invention the Automatic Packing and Labeling Machine. When Duke observed it in action, he said to Patterson: "Ding it, young fellow, I must have that machine and I want you too. How would you like to take charge of all our patents and machines and let me know which ones are good and got a future and which ones we ought to throw away?" Thus began a profitable alliance which was to make Patterson a millionaire many times over and to earn vast sums for the Trust. Eventually Patterson crowned a notable scientific career by perfecting, after twenty years of labor, a workable cigar-making machine.

At twenty-seven, Patterson became a vice president of the American Tobacco Company. Duke gave the youthful engineer wide latitude with his experiments but was irked beyond measure at Patterson's persistent refusal to keep prescribed office hours. Every week or so Duke would summon Patterson and splutter: "Rufus, I'll not stand for it! You gotta git down to work every day at nine."

"I am sorry, Mr. Duke, but it is quite impossible for me to promise that."

Regularly this performance was repeated and regularly Patterson, who like as not had been slaving in his laboratory most of the night, strolled in late.

However, despite such worrisome interludes, Duke managed to move insatiably on in his campaign of conquest. As though to make up for the milking Ryan had given him in the Union Tobacco deal, he snapped together a \$25,000,000 snuff combination which soon controlled 80 percent of the country's output.

Beginning in 1891, with the Gail & Ax purchase, American Tobacco had built up a small snuff business. This was greatly increased with the acquisition of the P. Lorillard Company. Now American and Continental together manufactured enough snuff to become effective competitors of the large Atlantic Snuff Company, leader in the field, which had been formed in 1898 through an amalgamation of several firms. Scarcely more than a mere threat of warfare was needed to bring Atlantic Snuff to terms. The result was the incorporation of a highly overcapitalized company, American Snuff, the \$25,000,000 stock of which was allotted to the merging interests. Among the assets transferred by Atlantic Snuff to its new overlord were all the shares in the large and important old firm of W. E. Garrett & Sons, Inc., of Delaware, which in turn controlled through stock ownership several other companies. Garrett continued to operate under its own name, as did American Snuff's next acquisition, the

George W. Helme Company of New Jersey, another large and long-established firm. The usual pledge against future independent operation was exacted from all the merging and subsidiary companies, as well as from individual officers and directors.

Now Duke polished up his tomahawk and went after an old personal enemy, R. J. Reynolds. In his great factory at Winston, North Carolina, Dick Reynolds, a bearded, rough-hewn, self-made man, was selling 5,000,000 pounds a year of flat, unsweetened plug made of Southern leaf under such mellifluous brand names as Brown's Mule, Red Apple, Hill Billy and Early Bird. Reynolds had openly sided with the farmers in their growing revolt against the Trust's methods in raising or lowering the price of leaf tobacco at will.

"If Buck Duke tries to swallow me, he'll get the bellyache of his life," Reynolds had boasted in the rather inelegant language of which he was a master. Now, however, Duke made him a proposition: if he wanted to fight, Continental would swamp him with competition. If he'd sign on with the Trust, he would be permitted to retain personal direction of his business, maintain its separate corporate existence, and receive one-third of \$10,000,000 in stock which Continental Tobacco would issue to pay for his company. Reynolds saw the light. But he came to heel with his fingers crossed, as we shall see later.

By the end of 1900, Duke's double-barreled Trust

had 92.7 percent of the national output of cigarettes, 80.2 percent of snuff, 62 percent of plug tobacco, 59.2 percent of smoking tobacco. Four short years before it had controlled barely one-fifth of any one of these products, with the exception of cigarettes. The Trust dominated all important kinds of manufactured tobacco except cigars, and Duke was already planning to enter this highly individualistic field.

Chapter VII

March of Monopoly

IN THE PERIOD immediately following the close of the Plug Tobacco War, Duke and the able, ambitious men gathered around him expanded their industrial empire with dazzling velocity. They bought up or forced into bankruptcy literally scores of competitors, the R. J. Reynolds sub-division of the Trust alone absorbing no fewer than eleven smaller concerns in its territory. They penetrated the cigar and the retail trade. They purchased inventions and processes protected by patent, perfecting some, discarding others. They formed subsidiary monopolies in such products essential to their business as tin foil and licorice paste.

Many of the plants taken over were scrapped. Oth-

ers were posed before the public as independents, with secrecy as to Trust ownership maintained as long as possible. Thus it was sought to combat sentiment against monopolies which was rising like a slow tide in America. Duke actually had some of his new acquisitions advertise that they were fighting the Trust. Several of the bogus independents, whose shops had been unionized, continued to manufacture goods under the union label, denied to the Trust because of its militant opposition to the spreading labor movement. The "independents" were effectively used, too, in their particular areas to torpedo genuine competitors through local price-cutting and other devices. Under instructions their reports were transmitted in unmarked envelopes to post-office boxes in New York held by their superiors under assumed names.

Duke left the functioning of this little private Gestapo to lieutenants, freeing his hand for matters of larger moment. In 1900 he paid \$450,000 for the well-established firm of S. Anargyros of New York whose Turkish Trophies, Deities and other cigarettes were made of imported tobacco; then he turned to the one important branch of the tobacco industry thus far neglected: cigars.

During the late '90's the cigar business had grown with giant strides. Indeed the country's production of cigars and little cigars (they were classified together in government figures) actually topped five billion in

1900. Duke had observed this development with keen and covetous interest. Since 1891 American Tobacco had done considerable business in little cigars and cheroots but had made no standard-size cigars. Because of vastly more diversified tastes and varieties of product, Duke knew that he could anticipate no such air-tight monopoly in cigars as he enjoyed in the cigarette or even in the plug-tobacco fields. However, he decided to make a try and formed an alliance with Powell, Smith & Company, one of the largest manufacturers and dealers in cigars.

Early in January, 1901, American Tobacco, Continental Tobacco and Powell, Smith & Company incorporated in New Jersey the American Cigar Company, capitalized at \$10,000,000, of which \$9,965,000 was issued. American Tobacco and Continental each took 46½ percent of the stock, Powell, Smith 7 per cent. Soon after \$10,000,000 of 10-year gold notes, guaranteed by American and Continental, was added to the capitalization. American Cigar took over most of American Tobacco's cheroot and little-cigar business and proceeded to buy up a number of existing cigar-manufacturing concerns. Most important of these was the Havana-American Company which operated ten factories, most of them in Tampa and Key West, Florida, with annual output of 100,000,000 cigars made of high-grade Cuban leaf. These acquisitions at once made American Cigar the largest single manufacturer

of cigars in the United States. Later, through controlled corporations, it was to become the dominating factor in the tobacco business, foreign and domestic, in Cuba and Puerto Rico, acquire extensive tobacco plantations, and hold majority stock in a dozen or more wholesale or retail distributing companies in large American cities. However, it never controlled more than one-sixth of the total cigar business in the United States, and at times experienced heavy losses through extravagant advertising and premium schemes. As president of American Cigar, Duke selected one of his vice presidents, John Blackwell Cobb who, beginning as a tobacco buyer, had established his own business on a capital of \$500 and subsequently joined the Trust.

The combination was now doing a business of \$125,000,000 a year, with 100,000 employees. Its depots and selling agencies were spreading into every country of the globe except those maintaining government tobacco monopolies. For executive posts and department heads, Duke continued to cull the best men from his own and the absorbed or merged companies. He favored men who had come up from the ranks, country boys preferred. "The country boy can come to town and soon learn all the town boy knows," said Buck. "But the town boy can never get all that the country boy has had." He instanced John Cobb; the Dulas, who had left the village of Lenoir, North

Carolina, to carve successful careers with the Drummond Tobacco Company; the company's auditor, W. R. Harris, born in a small town in Wales, whose painstaking willingness to carry cost sheets on any given item into five decimal figures delighted Duke. Harris had been enticed from the Pullman Palace Car Company.

In Durham, brother Ben and George Watts kept their eyes peeled for likely young men and sent them on to Buck, who now occupied finely appointed offices at 111 Fifth Avenue. Over his desk was a photograph of his father standing beside their first homely factory. Duke was at that desk six days a week, ten to twelve hours a day. The grind did not seem to affect his health or vitality in the least. However, he had cut down his allowance of "eatin' tobacco," substituting big, strong cigars of the brand known as La Eleganzia. Henry Ruppert, chief messenger and Duke's general factotum, saw that these were kept in the semi-moist condition the boss preferred. Sundays Duke took his papers and his problems to a 300-acre farm he had purchased on the Raritan River, near Somerville, New Jersey. Occasionally he was accompanied by Lillian McCredy, more often by a male secretary or "a department head with whom he wanted to thresh out business affairs.

The bond between Duke and Mrs. McCredy had grown stronger from year to year. There seemed per-

fect understanding and co-operation between the two. To her alone did he confide full accounts of his business enterprises. Upon her he lavished many jewels and other valuable gifts. Additional horses and carriages were now stabled near the West 68th Street mansion in New York and the couple frequently drove in the evenings through the park or near-by countryside. Of the employees downtown only Duke's confidential liaison man, Henry Ruppert, knew very much of the secret relationship, and this tight-lipped Swiss was discretion personified.

"In the office Duke gave an impression of calm, tremendous force," recalls J. J. A. Hossenlopp, former messenger at 111 Fifth Avenue, now treasurer of the J. J. Little & Ives Company, printers and bookbinders. "He never called a man down in public and never permitted any other executive to do so. I never saw him lose his head. In our reception room on the second floor was an old-fashioned bookkeeper's desk upon which were kept slips showing quotations on the stock market, sent down several times a day by C. I. Hudson and Company, who had an office in the building. Our various officers, as well as minor officials, would consult these slips whenever they happened to be passing. Mr. Duke came out regularly to look over the market situation. The old boy could never be classed as a Beau Brummell, his Prince Albert coat having long lost its original luster. He was glancing over the stock prices

one day when a man came rushing in, slapped J. B. on the back and said: 'Cabby, your horse is running away.' Duke looked up with a smile, said 'thank you' and walked calmly back to his office. The visitor turned to the receptionist and asked him what was the matter with the cabby. Fussed, the receptionist asked the caller whom he wanted to see and he replied: 'Mr. J. B. Duke.' When he was told that he had just slapped Mr. Duke on the back, he turned scarlet and fled from the office just as fast as his legs could carry him."

The "cabby's" mind was probably occupied just then with details of a gigantic holding company—Consolidated Tobacco—which he and his group were forming to cement control of the entire combination and, by taking advantage of their fiduciary relationships and inside knowledge, gain a few extra millions for themselves. The transaction furnishes a perfect clinical history of financial operations in that hectic era.

In June, 1901, holders of widely scattered common stock in both American Tobacco and Continental Tobacco received a circular containing what appeared to be a highly advantageous offer. James B. Duke and some of his most prominent directors, including Ryan, Brady, Payne, Widener and Whitney, had "chipped in" \$30,000,000 cash (later boosted to \$40,000,000) to stabilize and increase the dividend returns upon American and Continental Common. They were prepared to exchange 4 percent bonds of Consolidated at the

rate of \$200 in bonds for \$100 of American common; and in equal amounts, \$100 for \$100, for Continental common. In effect this would guarantee 8 percent returns on American common, which had paid only 6 percent since the stock dividend of two years before; and 4 percent on Continental common, which had never paid a dividend and was selling at from \$20 to \$30 per \$100 share. Most of the stockholders gladly accepted the offer and the new holding company, Consolidated, ultimately issued \$157,000,000 in bonds, with which it acquired \$54,000,000 of American and \$48,000,000 of Continental common stock. The two-for-one exchange still further emphasized, of course, American Tobacco's over-capitalization.

The bulk of the sellers did not know, as did Duke and his small band of insiders, that a sharp downward revision of internal-revenue taxes on tobacco products was brewing, with consequent probability of sharply increased profits on all forms of tobacco. These taxes had been scaled upward in 1898 to provide funds for the war with Spain. After the war, the tobacco interests desired to have these duties reduced to their former levels but on the plea that the government needed the money Congress had refused to make any reduction.

The new interests in American Tobacco, especially Messrs. Ryan and Whitney, had very good friends in Washington. Of these the most useful seem to have

been in and about the Finance Committee of the Senate, where all these matters of the revenue duties would be determined. Afterward it leaked out that Senator Nelson W. Aldrich of Rhode Island, high priest of protection and father of the young lady who was to become Mrs. John D. Rockefeller, Jr., held \$1,000,000 in tobacco stock. Very likely, therefore, he was not among the deadly or implacable enemies of the Tobacco Trust. Senator Aldrich was chairman of the Finance Committee. Two other members of the Senate were also holders of tobacco stock. Very likely, too, these gentlemen were not wholly inimical to the Trust.

In secret sessions the Finance Committee of the Senate decided to reduce the tobacco tax to the peace basis. It also drew up and approved certain changes in the revenue laws that would be of great benefit to the Trust and to the distinct disadvantage of the Trust's remaining competitors. These were changes in the restrictions governing the sizes of packages, changes that, in effect, would enable the Trust to undersell other brands on the market by offering larger packages for the same price. Knowledge of these impending changes was kept a profound secret—except from the men who controlled the Trust. Indeed, these gentlemen were assured that still further reductions could be anticipated.

The new tax scales reduced the levy on chewing and smoking tobacco and snuff from 12 to 9.6 cents

per pound (later to 6 cents); and on cigarettes from \$1.50 to \$1.08 per thousand (54 cents for cheaper grades).

This time Duke had no intention of passing on to the public the millions saved. The Trust was now strong enough to maintain pre-war prices. It did so. The results show in cold figures: in three years the American and Continental companies paid all fixed charges upon their vast overcapitalization and turned in a profit to their new holding company overlord, Consolidated, of fully \$30,000,000 on the latter's investment of \$30,000,000 (part of the time \$40,000,000). During the three years and four months of its existence, the holding company paid \$6,000,000 in dividends, laid by a surplus of \$17,000,000 and became entitled also to the increase in surpluses of the American and Continental companies, amounting to over \$7,000,000.

These profits went principally to Duke and his group. Further, by exchanging holding-company bonds for voting common stock, Duke and his Wall Street partners assured themselves of permanent control of the entire Combination. Hereafter six men could gather about a table and rule a great industry. They were: James B. Duke, Anthony N. Brady, Oliver H. Payne, Thomas F. Ryan, P. A. B. Widener, and William C. Whitney.

A few weeks previous to the organization of Consolidated, these men, though powerful in the management, had held only a minority of American Tobacco stock and apparently very little of Continental. Now they owned a majority of the holding company's stock and could manipulate the great subsidiaries—American and Continental—at will. The extent to which control had become concentrated is shown in the following table, listing the principal shareholders in the Consolidated Tobacco Company as of December, 1902. The large holdings credited to the brokerage firm of Moore & Schley belonged to customers, among whom were Duke and others of the Big Six:

<i>Name of Stockholder</i>	<i>Shares held</i>	<i>Percentage of total issue</i>
James B. Duke	25,005	8.3
A. N. Brady	25,005	8.3
O. H. Payne	25,005	8.3
Thomas F. Ryan	25,005	8.3
P. A. B. Widener	25,005	8.3
W. C. Whitney	25,005	8.3
B. N. Duke	15,001	5.0
Grant B. Schley	14,101	4.7
W. L. Elkins	10,000	3.3
Moore & Schley	70,357	23.5
George W. Watts	7,500	2.5
George Arents	5,000	1.7
Paul Brown	4,000	1.3
R. B. Dula	3,000	1.0
R. J. Reynolds	1,000	.3
Nelson Robinson	1,000	.3
R. A. C. Smith	1,000	.3

The first six men on this list owned outright more than one-half of the holding company's stock. Acting together, they were supreme in matters of policy for the entire Combination. Yet at stockholders' meetings of American and Continental in April, 1901—a few short weeks before organization of Consolidated—they had voted altogether only 8,306 shares of American Tobacco preferred stock out of a total issue of 140,000 shares; and 171,663 shares of common stock of a total of 1,090,000 shares. In the Continental Tobacco Company, they held only two shares of common stock and but 31,123 of 488,446 shares of preferred stock. Thus, by one clever stroke, Duke, Ryan and the four others had leaped from the position of a small minority to that of majority control.

Though each of the Big Six held the same number of shares in Consolidated, Duke was the only man who knew tobacco from seed to cigarette, the only man who could operate the colossal consolidations he had engineered. Hereafter his powerful associates stood ready to endorse his every move. And well they might, for profits skyrocketed after the formation of the new holding company. Continental common for example, the stock which had never paid a dividend, yielded 13 percent in 1902, 16 percent in 1903 and 12 percent in 1904, or from 8 to 12 percent more than the sum required to pay the four percent interest on the bonds allotted to Continental's former common stockholders.

The difference, of course, went to Consolidated—and directly into the pockets of Duke and his inner circle.

In that same crowded year of 1901, American Tobacco entered extensively into the business of directly retailing its products—thereby thickening immeasurably the cloud of distrust and anger gathering about it. The medium for this ambitious venture was the United Cigar Stores Company organized by the brothers Whelan—George J. and Charles A.—young retail tobaccoists of Syracuse, New York. The brothers conceived the idea of opening a chain of modern tobacco stores, brightly decorated and illumined, and so arranged that a customer wasted a minimum of time in obtaining the brand of cigars, cigarettes or tobacco he wanted. These streamlined emporiums, strategically located on busy corners in American cities, would sound the death knell of the dingy old-style shops then in vogue, with their inevitable unpainted wooden Indian and general musty surroundings.

The Whelans launched their first venture at 84 Nassau Street, in downtown New York, and, though the first day's receipts were but \$3.47, were not discouraged. Early in 1901 they incorporated in New Jersey with a gaudy authorized capitalization of \$2,000,000, though the paid-in capital was only \$2,500, and proceeded to open several other "quick-sale" stores. However, though still long on enthusiasm, they soon found themselves short on cash, and appealed to the Trust.

Duke was prejudiced against the Whelans, remembering that a short time before they had boosted a cigarette known as the "Admiral," a short-lived Trust rival. However, Duke's new executive assistant, Percival Hill, persuaded him to take a flier, and American Tobacco bought a controlling interest in United Cigar Stores for a song. In fact, the Trust paid only \$5,200 for \$121,000 of United's outstanding \$241,000 in common stock; and but \$40,800 for half of the \$102,000 preferred. For purposes of concealment, even this small investment was registered in the name of a Trust subsidiary, the Havana-American Company. Later, after United proved a huge money maker and ownership was a matter of public knowledge, the Trust came from behind its screen, increased United's capitalization and held in its own name the retail chain's entire issue of preferred, \$750,000; \$340,000 of the \$450,000 common stock, and all of the \$750,000 bonds.

One morning Duke ran into his old acquaintance, Asa Lemlein, on a Columbus Avenue car, and told him he was thinking of backing the Whelan brothers in further expansion of their stores.

"How do you think it will work out?" asked Duke.

"Not very well," replied Lemlein. "My partner and I are having troubles enough with two stores and here you are thinking of opening two thousand. I think it would be a mistake, Mr. Duke."

Duke grinned, then he snorted: "A mistake, eh?"

Lemlein, let me tell you something. I've made mistakes all my life. And if there's one thing that's helped me, it's the fact that when I make a mistake I never stop to talk about it—I just go ahead and make some more."

Asa Lemlein thought of this bit of philosophy often in the next few years while the Whelans, as front men for Duke, were establishing hundreds upon hundreds of streamlined stores in the principal cities of the country and driving out of business thousands of small tobacconists like himself.

Within five years, United was operating a half thousand retail stores, together with premium stations, and doing a business of \$12,000,000 yearly. (At its peak, before the 1929 crash, the chain grew to 2,500 stores, covering the entire United States and Canada, and took in \$2,000,000 a week.) United, of course, gave special attention to Duke's goods, particularly new lines of cigars. Its astonishing trade was built up through hustle and lavish use of coupons. The consumer was simply drenched with premiums and coupons, on a scale never before (or since) attempted by the maker of any product. This business assumed such proportions that a subsidiary corporation, the Floradora Tag Company, was formed to handle it. Most successful of the Duke-Whelan operations were United's great guessing contests. Eventually these were held in violation of the Federal laws forbidding lotteries and their use was abandoned. At the same time American Tobacco, hav-

ing obtained a stranglehold on the retail outlets it coveted, decreased its use of premiums.

As the Trust, through its retail satellite, spread its tentacles from city to city and from state to state, public bitterness against the monopoly and its master increased tremendously. The methods by which rival retailers were driven out of business was one of the few operations of the Trust that were visible to the eyes of the laymen. The least observant noted the disappearance of the little independent dealer soon after the big, glittering Trust store was set up on the next corner. And there were personal tragedies involved that could not be hidden: the distress of old men, invalids, cripples, Civil War veterans, whose one source of livelihood was their small shops. Sometimes the Trust resorted to extreme measures to pull them down. It induced landlords to raise rents to unendurable figures; it bought the property they leased; very often it pushed them to ruin by giving tobacco away or selling at prices that made competition impossible. On a certain stretch of Broadway, where in pre-United days there had been thirty-six independent dealers, soon there were but six. One of the survivors fought stubbornly until the Trust leased two stores adjoining his at fantastic figures, slashed prices to the vanishing point, and literally blitzed him into submission. The day he went out of business he walked into the Trust store and saw behind the counter four salesmen whom

he recognized as former independent dealers. They had been forced to accept salaried positions from their omnivorous conqueror. This was the story everywhere. The Trust drove men out of business; then, if they were young, active and "co-operative," used them to crush others. Naturally a desire to get even burned in these men. And neither they nor the Trust's regular corps of clerks scrupled much as to methods. For a time the amount stolen from some United stores equaled that which was rung up on the cash registers. A drastic espionage and accounting system finally reduced the thefts, though never completely eliminating them.

From the beginning American Tobacco had enjoyed considerable foreign business, chiefly in cigarettes. From 1890 to 1898 the company's export of cigarettes increased from 262,000,000 to 1.2 billion, a third of its total production. At first the business was handled direct from this country. As early as 1894 small subsidiaries had been set up in Australia and New Zealand; and in 1895 several Canadian concerns were combined into the American Tobacco Company of Canada. Six years later the Trust bought two-thirds of the capital stock of George A. Jasmatzi, Ltd., of Dresden, one of the largest cigarette makers in Germany. No figures on output and profits were available, though the *Commercial and Financial Chronicle* estimated the

German company's capacity at 3,000,000 cigarettes a day. At the same time President Duke placed the Australian output at about 200,000,000 cigarettes annually and the Canadian at 100,000,000.

However, it was among the teeming millions of China, Japan, the Straits Settlements and, to a lesser extent, India that the most encouraging headway was made. Japan, though, quickly imposed heavy import duties. To counteract these, Duke proposed a partnership arrangement with the old firm of Murai Brothers under which cigarette factories costing \$2,000,000 and employing native workmen would be constructed in Japan. Murai Brothers and the necessary Japanese officials accepted the proposal with alacrity. However, suspecting that the Japanese were planning to make tobacco a government monopoly, Duke demanded written guarantee that, in the event the plants should be taken over, payment would be made not only for the physical properties but for good will and brand names as well. Again the Japanese blandly agreed, verbally. But, on one pretext or another, the tricky little yellow men put off signing on the dotted line. Even Secretary of State John Hay and the American Minister in Tokyo were unable to get action. Finally, Secretary Hay arranged an interview for Duke with President Theodore Roosevelt, newly elevated to his high post through the assassination of William McKinley. Like other leaders of Big Business, Duke was

warily watching to see which way Roosevelt would jump. On this occasion he had no cause for trepidation.

T. R.'s teeth flashed as he told the tobacco man: "I know all about that Japanese affair. Your proposition is perfectly simple but the Japs are trying to wriggle out. We'll make them toe the mark."

However, there were further weeks of delay. Duke, losing patience, dispatched a peremptory cablegram to Tokyo threatening not only to call off the deal but to halt further shipment of cigarettes to Japan. This brought quick agreement, and soon the new factories were turning out 3,000,000 cigarettes a day. When the Japanese Government in 1904 confirmed Duke's hunch by establishing its tobacco monopoly, he alone among foreign investors received full value for his trade marks as well as plants and machinery.

Relations with China were far more pleasant. Here Duke's able and resourceful Far Eastern manager, James A. Thomas, had been building up trade and good will for some years. Thomas' background was strikingly similar to that of Duke. Reared in Orange and Rockingham Counties, in the heart of the Bright Belt, his father and grandfather, devout Methodists, had raised their own tobacco and peddled it, their trail often crossing the Dukes'. Like Buck Duke, young Jim Thomas also had journeyed north to learn the rudiments of commerce in the Eastman National Busi-

ness College at Poughkeepsie, New York. In 1888 he was sent to the South Seas by a North Carolina tobacco firm, Motley & Company, to sell American plug and twist. At that time the only American product known in the Far East was John D.'s kerosene. The English were the principal purveyors of tobacco. The British tobacco house of W. D. and H. O. Wills, two centuries old, was selling cut tobacco for pipes and cigarettes, and old English merchants in the ports were offering Three Castles and Capstan cigarettes. Thomas' brands of American twist soon rivaled the British products in popularity.

When American Tobacco bought up Motley & Company in 1897, Thomas had returned to America. Duke promptly ordered him back to the Orient to report on conditions in the Hawaiian Islands, Japan, China, Korea, the Philippines, Borneo, the Straits Settlements, Java, Sumatra, Siam, Burma, Ceylon and India. In the harbor of Yokohama and later at Hongkong he saw Commodore Dewey's U. S. fleet with Captain Charles Vernon Gridley in command of the *Olympia*. Soon the fleet steamed out for the victorious battle of Manila Bay. Later Thomas went to the Philippines with a fresh shipment of Bull Durham for the American Army of Occupation; and at the battle of Mololos was standing near General Fred Funston when the American commander was shot through the hand. The young tobacco salesman, his legs moving

faster than ever before, managed to flash a look back over his shoulder in time to see Funston pick up his field glasses with his uninjured hand and calmly resume inspection of the battle.

Thomas was an equally agile salesman and business getter; hence he was promoted to increasingly prominent posts. Soon in China he was introducing American methods of advertising—coupons, billboard and newspaper displays, souvenir pictures of China's heroes, birds, etc., as well as scantly clad American stage beauties, and selling tens of millions of cigarettes a month, with constantly increasing volume. Often the goods were shipped by donkey or camel caravan. One caravan even traversed the Gobi Desert. Thomas learned by bitter experience that each camel would carry a load of 320 pounds, not an ounce more. If a heavier load was attempted, the wise old mariner of the sands would simply slump down upon his haunches and wait for his burden to be lightened.

"I have been in places," recalled Mr. Thomas years later, "where I handed an American cigarette to a man in the street, only to have him bite it, trying to find out what it was for. When I discovered this, I immediately engaged someone to teach him how to light a cigarette with a match and how to smoke it. I paid this teacher to walk up and down the street lighting cigarettes and handing them to people he met. This demonstration work was followed by attractive advertising, which

was planned to give the man who read it in his own language a clear idea of the pleasures of cigarette smoking. We tried to make these advertisements so attractive that people would decorate their homes with them."

Wherever Thomas went he ran into adventure. Some of his personal experiences—too few—he related in volumes published before his death in 1940: *A Pioneer Tobacco Merchant in the Orient* and *Trailing Trade a Million Miles*. There was the time when Thomas and his resourceful Chinese helper Jim journeyed to robber-infested Manchuria to collect \$30,000 in silver dollars due the company for cigarettes sold by a local Chinese merchant. The merchant had the money, packed in three bulky cases, buried under his house and saw no safe way of delivering it to Thomas. The latter and Jim put their heads together and then hired a gigantic member of the Chinese Robbers' Guild as a bodyguard at \$6 a month. All night the bodyguard, clad in a leopard skin, patrolled in front of the doorway, shouting at intervals that he was a robber, guarding a friend, and that nobody must come near him. Let Mr. Thomas tell the rest of the story:—

I decided to take him into my confidence. I told him about the money and that we wanted him to take it down through the country to a place of safety, one hundred and twenty miles away. He accepted the responsibility without question. To save him from having to open one

of the money chests, I gave him a hundred dollars in silver to pay his expenses and authorized him to engage a two-wheeled cart drawn by three mules. I also told him that I thought he should leave early the next morning.

About two o'clock that night the money was taken from under the house and placed in the cart. We put seven or eight bags of beans on top of each box to hide the silver. A tarpaulin was placed over the chests, as was the custom when transporting beans through the country. About four o'clock our robber guard bade me good-bye and started on his journey. I was sure that if Jim and I undertook to convey this money through the country it would only be an invitation to someone to kill us and confiscate the booty but, on seeing the cart drive away, I began to wonder if I should ever see the money again. Jim seemed confident that his brigand countryman was trustworthy and would go to the port with the money unless he was killed. So I was pleased with what I had done and temporarily dismissed the matter from my mind. Jim and I packed up and started for the port ourselves. The merchant was greatly relieved and asked us to notify him as soon as we should arrive safely at our destination.

We were delayed about twelve hours on the road, so when we arrived at the port we found that our Chinese guard had preceded us there about ten o'clock the night before and had taken the money to the bank according to my instructions. The bank had refused to accept it, accusing him of having stolen the money. He was very indignant at the charges made against him. I soon cleared

the whole matter up with the bank. The money was accepted and, on count, was found to be all there.

I offered this Chinese guard a bonus of five hundred dollars for having brought the money safely to the bank. But he refused to take it, saying that he was only a servant. However, I engaged his services by the year at a salary which was then considered very good in that part of the world, thirty dollars a month. He was quite pleased with the arrangement, by which we left him in Manchuria to look after any matter in which he could be of use to us. As he was a member of the Robbers' Guild, the organization provided us with a small flag which was displayed on the carts and the bridles of the ponies traveling on our business. Any little procession carrying this flag passes on unmolested. In the Western world we take out fire, life, casualty and burglary insurancy. The salary we paid this member of the Robbers' Guild was a similar kind of protection for us in China.

When he first went to China, Thomas bought a collection of copper and silver coins and worked over the feasibility of selling a packet of five cigarettes for a Chinese coin of a two-cent gold value. He drew up elaborate sheets containing every conceivable item of costs and overhead for a twenty-year period. The calculations covered thirty-two pages of foolscap and contained 10,000 figures.

"When I got back to New York, only Mr. Duke had the patience to examine my sheets of figures," ex-

plained Thomas. "The other men in the home office shied away when they saw me coming. Mr. Duke, however, could absorb ninety-nine percent of what was said to him when it was worth listening to. He backed me to the limit, told me to return to China and put the two-cent cigarettes on the market at once. I did so and they were a hit. Several years later, after we had established our own factories, we were able to reduce prices and sell the Chinese five good smokes for a copper coin equivalent to half a cent in American money.

"James B. Duke was the greatest merchant I ever met. He seemed to know human limitations, including his own. On one occasion he asked me how many men I had in the Far East, particularly China, who could take my place if something happened to me. After a few minutes I handed him a list of twelve men. Mr. Duke deliberated a moment, then said that if I had trained twelve men to take my place, I deserved an increase in salary—and he gave it to me."

In the early days of building up the Far Eastern force, Thomas, upon Duke's instructions, hired only young, unmarried men. Twice a year he was required to send the home office a complete report covering each man's character, habits, abilities. The standard was exacting and, during the first year of service, three recruits of five on the average either resigned or were dropped. The confidential dossiers on the em-

ployees were read by Duke personally after they had been assembled by George Garland Allen, a young man in the export department to whom Duke had taken a fancy. Allen hailed from Warrenton, North Carolina, and entered the Trust employ as a junior accountant. One day Duke heard him ask the office manager for more work. "Well I'll be danged!" ejaculated the boss, using his favorite expression. "Move a desk into my office for that young fellow." Thereafter Allen became a protégé, Duke instructing him in the broad picture of the entire business, with particular reference to the export trade. Allen was on his way to big things and a great personal fortune.

Although the situation in the Far East was satisfactory, Duke did not at all like the shape of things in England. There rival manufacturers had induced the British Government to place heavy duties upon manufactured tobacco. As a result, sale of American cigarettes in England had been cut in half in two years. Duke got his dander up. Lying in bed one night, planning and scheming as was his wont, he suddenly decided that he would fight the British on their own ground by buying a plant and manufacturing cigarettes in England itself. Ample cash to finance a hard-hitting campaign had been garnered in the Consolidated deal.

Next day he called in two of his executives, W. R.

Harris, the auditor, and Caleb Dula, the man he had got from Drummond, and told them to get ready for a trip abroad with him. None of the three had ever crossed the Atlantic. The party landed in England in mid-September, 1901.

Chapter VIII

World Dominion

WITHIN A FORTNIGHT after his arrival in England, Duke had bought for \$5,348,000 the old established firm of Ogden Ltd. of Liverpool—and stirred wild alarm among the other English manufacturers. Duke's reputation as a knockdown and drag-out fighter had preceded him. One trade journal even compared the soft and fleshy American magnate with his fellow countryman, John L. Sullivan, asserting that both were chiefly noted for their ferocity and ruthlessness.

Thirteen of the most powerful tobacco houses in England and Scotland banded together to fight the invader: W. D. and H. O. Wills, Edwards, Ringer & Bigg and Franklyn, Davey & Company, of Bristol;

Lambert & Butler, Hignett's Tobacco Company and Adkin & Sons, of London; John Player & Sons, Nottingham; Hignett Brothers & Company, William Clarke & Son and the Richmond Cavendish Company, of Liverpool; and Stephen Mitchell & Son, F. & J. Smith and D. & J. MacDonald, of Glasgow. They formed the \$75,000,000 Imperial Tobacco Company of Great Britain and Ireland, and the battle was on. It was a humdinger while it lasted. The newspapers thundered against Ogden's perfidy in yielding to Yankee gold. Duke poured money into advertising and selling wrinkles long familiar to America but strange to English eyes. Imperial appealed to patriotism in rhymed ads that needed the touch of a trained jingleer:

Rule Britannia! Britannia rules the waves!

Britons to Yankee Trusts will ne'er be slaves!

We'll not encourage Yankee bluff,

We'll support John Bull with every puff!

Duke countered by distributing, with each package of Ogden's, souvenirs that cost him as much as the cigarettes. Imperial came back by inducing Salmon & Gluckstein, which operated several hundred retail stores throughout the British Isles, not to handle Ogden's. It also offered a large bonus to tobacconists who would agree to boycott all American tobacco products for a number of years. This was in the Spring of 1902. Duke had returned to America, but he quickly devised

a move so bold and audacious that at one stroke the opposition was weakened beyond recovery. He cabled his men in London instructions to offer the British tobacconists the entire net profits of Ogden's for the next four years, plus an additional bonus of \$1,000,000 a year to be distributed every three months in proportion to the amount of goods purchased. Here is the text of this remarkable offer:

Commencing April 2, 1902, we will for the next four years distribute to such of our customers in the United Kingdom as purchase direct from us our entire net profits on the goods sold by us in the United Kingdom. In addition to the above we will, commencing April 2, 1902, for the next four years, distribute to such of our customers in the United Kingdom as purchase direct from us the sum of 200,000 pounds per year. The distribution of net profits will be made as soon after April 2, 1903, and annually thereafter, as the accounts can be audited and will be in proportion to the purchases made during the year. The distribution as to the 200,000 pounds per year will be made every three months, the first distribution to take place as soon after July 2, 1902, as accounts can be audited and will be in proportion to the purchases during the three-months' period. To participate in this offer we do not ask you to boycott the goods of any other manufacturer.

It was the final sentence that did much to win over the British retailers. At the same time Thomas Fortune

Ryan, in one of his rare public utterances, declared that the American invaders would wrest control of the tobacco markets of Great Britain within four years "or lose \$5,000,000 in the attempt." The wily Ryan did not reveal either to American investors or to the enemy in England that the fight already had cost more than \$5,000,000. As anticipated, Ryan's bristling statement was cabled abroad and he and Duke sat back to await developments. These were not long in coming.

In June, Ryan walked into Duke's office with a letter he had received from the nephew of Sir William Wills, dean of the British manufacturers. Though carefully worded, the letter was obviously a peace bid. Ryan was asked to come to England and talk over the situation with Sir William, the correspondent adding his personal hopes that perhaps something could be done to end the warfare.

Duke read the letter with jubilation.

"Tom, we've got 'em!" he exclaimed.

These worthy gentlemen, who by now were on delightfully informal terms with one another, decided to play possum for a time. In the next couple of months both sides jockeyed. The Imperial forces announced, with a fanfare, that they were sending agents to America with a view to selecting sites for great factories in the South. Ryan addressed a studiedly casual communication to Sir William Wills's nephew, saying that it would be a pleasure, of course, to meet Sir William but

that any definite business negotiations would have to be initiated through and with Mr. James B. Duke. The answer was a cable, urgently renewing the invitation to Ryan to come to England and confer with Sir William, who, incidentally, was soon to be raised to the peerage as Lord Winterstoke. Ryan's version of subsequent events was related by him some five years later on the witness stand:

"I sailed in the early part of August and met Lord Winterstoke and had a great many meetings with him and we got good friends and finally it looked—he practically told me that he wanted to settle up, he was getting to be an old man and he wanted to practically buy out the business."

"The object of these meetings and negotiations was the purchase by them of the Ogden and the American Tobacco Company business in Great Britain?"

"Yes," replied Ryan. "Then Lord Winterstoke had the officers to lunch and dinner and we got very well acquainted. I hadn't the slightest idea when I went over after the first two or three meetings that anything would be done, but I made up my mind pretty soon that they were very anxious. Mr. Duke had agreed to come over if there was any real business, because I wasn't competent to make any trade in that business. And Mr. Duke did sail. I guess he sailed about three weeks after I did. I think I'd been over ten days or two weeks when he sailed, and we had a meeting with

these gentlemen and with the officers and Mr. James Inskip, their solicitor. They never meet you there on business without a lawyer; they never let you move as much as they do here. After Mr. Duke went over the negotiations became serious."

The negotiations indeed became serious with the arrival of Duke. For Duke had in mind not merely a settlement of the warfare in Britain, but a World Trust—the first attempt to weld an international industry into one functioning organization. Lawyer W. W. Fuller was summoned from New York. James A. Thomas, the Far Eastern manager, had received a cable early in August to proceed as quickly as possible to London and to meet Duke at the Carlton Hotel. When he arrived at the rendezvous, Thomas was told that Duke was not registered, but, after showing the cablegram, was asked to wait, and soon Duke appeared. They made an appointment for luncheon at noon next day. However, at seven o'clock in the morning, Duke called at Thomas' hotel and instructed him to sail for New York at once with a parcel of papers and return with another parcel, if possible by the same ship. Though he never learned what the papers contained, Thomas carried out orders to the letter and was back in London by September 15th.

Twelve days later, September 27, 1902, after an even year of warfare, a peace treaty was signed between the British and American tobacco combinations. The

treaty was embodied in two documents, couched in verbiage as imposing as though the rival interests had been sovereign governments.

① In the first contract it was agreed that each combination was to remain supreme in its own domestic field. The good will, patents and trade marks of Ogden's were to be transferred to Imperial for \$7,500,000. In addition, Ogden's tangible assets were to be paid for in cash after inventory. Imperial pledged itself not to engage in the tobacco business in the United States and its possessions except through American Tobacco and the latter's affiliates. Imperial was, however, given the right to buy and treat leaf tobacco in America for manufacturing in England. In like manner, American Tobacco agreed to do business in the British Isles only through Imperial. Goods mutually sold by each group to the other were to be paid for on a basis of cost, plus ten percent. At the same time individual directors formally swore to respect each other's allotted territory.

The second agreement provided for splitting the tobacco trade of the rest of the world on a basis roughly of two-thirds for Duke and his allies, one-third for the British. For this purpose a \$30,000,000 joint stock corporation, the British-American Tobacco Company, was formed with Duke as president. British-American would seek control of all the open markets of the world, its entry barred only from countries having a

government tobacco monopoly, such as France, Spain and Italy. For export purposes, the rival interests signed over to British-American all their "good will, formulae and recipes of preparation, treatment and manufacture, patent rights, trade marks, brands, licenses and other exclusive rights and privileges" as well as "all stock or shares in companies incorporated in countries foreign to the United Kingdom and the United States."

Duke had not succeeded in substantial domination of the British home market, if indeed he had ever aspired to such domination. On the other hand, he had forced an amalgamation of foreign business in which the bulk of the profits would be his. And he now headed the nearest approach to a world trust ever organized in any industry.

"We are highly pleased at the outcome of the negotiations," the *New York Herald* quoted one of Duke's associates in London. "The combination means a real amalgamation of interests, instead of a mere buying off of opposition at a price which seems profitable. Such a real working combination will unquestionably dominate the trade of the world. While British-American is registered as an English company and it is at present more convenient to carry on business from London, we have twelve of the eighteen directors and there is nothing to prevent transferring headquarters to New York. The Imperial Company puts into British-American its entire Colonial business. So, with our

trade outside the United States, the British-American Company starts with a ready-made annual business of four billion cigarettes alone. Furthermore, the provision barring the British from Cuba insures for Americans the cigar business of the Island, of which we now control eighty percent."

The spokesman referred to a combination in the Cuban cigar business which Duke had engineered while the warfare in England was raging.

Early in 1902, two factories in Havana were taken over by the American Cigar Company and combined as H. de Cabañas y Carbajal, Inc. This company issued \$1,500,000 in stock, all held by American Cigar. At the end of May, the Havana Tobacco Company was formed, taking over Cabañas y Carbajal, as well as two larger independent combinations—Henry Clay & Bock & Company and the Havana Commercial Company. Havana Tobacco issued no less than \$30,000,000 common stock, \$5,000,000 preferred, and \$7,500,000 in bonds. For its \$1,500,000 in Cabañas y Carbajal stock, American Cigar received \$20,000,000 of Havana Tobacco's common stock and \$2,625,000 of its bonds. The common stock had little value except for purposes of control. From the outset, the new Trust arm—Havana Tobacco—controlled most of the cigars manufactured in Cuba.

Before news of the peace treaty between the warring British and American interests was made public

in London, Duke sped personal messages by cable to his father and to Col. Payne. The first read:

W. Duke

Durham, N. C.

I have just completed a great deal with British manufacturers, covering the world, securing great benefit to our companies.

J. B. Duke

The message to Col. Payne was more brief:

Papers signed insuring great deal for our companies.
Duke

To celebrate, Duke decided to give a dinner. He said to one of his men: "You look after the grub" and to another: "You get the wines." On the night of October 7th, the recent rivals gathered under crossed flags in the Charles II banquet room of the Carlton Hotel and toasted their countries, their companies, themselves and the future of their joint enterprise. Climaxing the moist and epochal occasion, William C. Whitney, who happened to be in London, patted Duke on the shoulder and called him "the greatest merchant in the world." Buck's bosom swelled with pride. In a dozen crowded years, the farmer's son had become an outstanding world figure in a great industry. Soon, with his usual aggressiveness, he was extending his new company's business into every corner of the globe, establishing agencies and subsidiaries on all continents.

In his new capacity Duke concentrated particularly upon winning more trade in the Orient. Enlisting the best men from the British companies and recruiting wide-awake young American salesmen as fast as they could be trained, Duke doubled and redoubled his force in the Far East. Eventually it numbered 25,000 men. The American magnate's field commander was James A. Thomas.

Thomas was sent first to India with instructions to make things hum. Soon, in the Himalaya Mountains, excited natives were fingering "present tickets" enclosed in each package of American cigarettes, and reading gaudy circulars containing pictures of a snappy little hand-operated sewing machine. So many thousand present tickets, promised the circular, could be exchanged for the sewing machine if presented at the Calcutta office of the British-American Tobacco Company or turned over to the nearest British-American agent.

Thomas had purchased thirty of the sewing machines at \$12.50 each. Cigarette sales bounded upward. Yet the salesman was puzzled by the fact that only two of the machines were redeemed in as many months. Then, early one morning, five grave East Indians appeared with bag upon bag of present tickets and cleaned out his stock of machines. Although he never solved the mystery of this surprising influx of coupons,

Thomas ordered another consignment of 150 sewing machines and got out a million more handbills.

“The cost of the machine, of course, was added to the price of the cigarettes,” explains Thomas in *Trailing Trade a Million Miles*. “The man who bought the the cigarettes was really paying for the machine, although he thought he was getting it for nothing. My next step was to advertise this plan over the country. One morning the agent for a sewing machine well known throughout the world called to see me. He took the position that we were ruining his business in India by giving away sewing machines and told me that he proposed to take the necessary steps to have the United States Government prevent us from distributing any more of them. His company was an American affair of great wealth and influence and would not have had the slightest trouble in the world in having our scheme discontinued. I told him that I thought that he should take up half of the cost of our advertising, for, as I saw it, each machine we delivered in India would increase his business by at least five machines if he would get out and advertise his article as we were doing. He refused to believe me; but when I asked him if his business had increased in the past year, he promptly replied without thinking that it had increased two hundred percent. Another half hour’s talk convinced him, and he consented to pay half the cost of our ad-

vertisements, and insisted on our continuing the distribution of the sewing machine."

As premiums, Thomas distributed also handkerchiefs, buttons and easel mirrors. He experimented, too, with short motion-picture films, interspersed with cigarette advertisements. In Madras, the Duke agent found native dealers rolling cigarettes from cut tobacco. Wishing to ascertain the exact cost of manufacture, Thomas had one of his men hire native cigarette rollers and imitate the process. The assistant was a husky, full-blooded young man who had been a harness maker and country lawyer in Minnesota. With much toil and sweat he stuck to his task and demonstrated that machine-made cigarettes, imported from America, could comfortably undersell the local product. Armed with exact facts and figures, Thomas persuaded the Madras dealers to abandon their hand-made cigarettes and become agents for British-American's machine-made variety. He made certain the native dealers suffered no loss in the transition, though he neglects to tell us how the Madras cigarette rollers reacted to the loss of their jobs.

From India, Thomas moved on to his old stamping ground, China. Here, save for vacation and business trips, he was to remain for sixteen years. And here he scored his greatest successes in popularizing British-American products, especially cigarettes. With headquarters in Shanghai, he toured most of China's

twenty-one provinces, employing every type of conveyance from the medieval ox cart to the Pekin Express.

On one of his early trips into the upper reaches of the Yellow River in Kansu Province, he ran into a Chinese wool dealer who had come from Lanchow, a journey of forty-five days, with a caravan of some 450 donkeys. Discovering that the merchant had booked no return cargo, Thomas dickered with him to carry cigarettes and act as British-American's selling agent. The venture proved highly successful. Thus cigarettes from North Carolina and Virginia were introduced into faraway Lanchow via donkey back.

"We adopted the plan of shipping cigarettes directly from the factories in America and England to our wholesale dealers in the East and of selling through them to the retail dealers," explains Thomas. "The retailer purchased from our depots the goods he needed from day to day, for which he paid cash. This prevented his having any shopworn or damaged supplies. The reports from these depots throughout China gave us information regarding the purchasing power of the people, the crops that they grew, and the general condition of the country, all of which assisted us greatly in regulating the stock of goods to be carried at any given point. We had no fixed plan of organization in the beginning but, by using good judgment, attempted to meet conditions of the different districts we sup-

plied with cigarettes. We tried to observe the local commercial etiquette and to deal so that our clients could thoroughly understand and approve the system of marketing. It is a remarkable fact that in establishing this organization and later in pursuing the business vigorously, we never had a law suit with a customer."

Since the sixteenth century, China had been growing a coarse, non-aromatic tobacco, used principally for smoking in the long water pipe. Thomas believed that the native tobacco could be improved, perhaps worked in with North Carolina bright, and used in the grade of cigarette the company was selling in China. If this could be done costs, of course, would be reduced all along the line. Duke seized upon the idea eagerly. Soon a group of American seed, soil and fertilizer experts were instructing Chinese farmers. Within three years, a new industry had risen in Shantung Province; within seven years China had developed a good hereditary tobacco seed.

Meanwhile, at Shanghai and several other points, Thomas, at Duke's direction, had built tobacco factories, manned with Chinese workmen. Jobs were eagerly sought, for the pay was double the prevailing scale of ten to twenty cents a day. On his next visit to New York, Thomas reported to Duke that every piece of machinery owned by the company in China was running twenty-four hours a day. Instead of expressing pleasure, Duke gruffly ordered construction of an-

other factory at once, saying: "If you are working a staff twenty-four hours a day in shifts, it is expecting too much of them." Thomas adds, in *A Pioneer Tobacco Merchant*:

He straightway gave me a rough outline of the factory I was to build. On my return to Shanghai, I set to work to have the drawings made. Twelve days later Mr. Duke cabled to know if I had bought the land and was proceeding with the factory. I cabled in reply that the plans were nearly completed and that I was leaving that night for the town where the factory was to be built. The journey took four days. Two days after my arrival I bought the land and let the contract for the building. The factory was completed in about six months and put into operation. Training the labor was quite a task. However, the factory was soon turning out two million cigarettes a day. When next I arrived in New York, Mr. Duke asked me about the factory and its operation, saying that he never thought I would build a monument to myself in China; but that he considered the new factory a monument since it was only producing two million cigarettes a day. I explained that we had been handicapped by having to train the labor, but now that this had been accomplished we were in a position to have that factory turn out more cigarettes. I sent a cable ordering the increase.

Eventually the factories in China reached a capacity of 500,000 cigarettes a month.

Thomas relates an incident typical of Chinese char-

acter. Learning that Duke was building a new home in New Jersey, the company's Chinese employees, together with schoolboys and others, collected a fund and had two large lions carved in Ningpo, a town about 120 miles from Shanghai. The lions were shipped to America and set up on the wide lawn of the Duke place at Somerville which was being transformed from a farm into a spacious, landscaped estate. The lions from Ningpo flanked a heroic statue of the martyred William McKinley, whom Duke had admired tremendously and to whose campaign funds he had contributed. In fact, asked once to name the two greatest Americans, Duke replied with fervor: "William McKinley and Mark Hanna."

The Somerville estate, called simply Duke's Farm, became at once the tobacco man's hobby and his passion. Since his original purchase of the Veghte farm, he had bought adjoining tracts and had gone in for dairying, with a herd of 250 blooded Guernseys. There were also several fast pacing and trotting horses which were exercised on a half-mile private track. Now Duke's holdings comprised 2,200 acres. These formed a parallelogram a mile wide, three miles long, which he decided to convert into an ideal country park and estate. Soon the place was a jumble of steam shovels and donkey engines. Lacking features of natural beauty, the soil mostly of clay and shale, no site seemed less promising. Yet in five years, through intelligent plan-

ning and the expenditure of enormous sums (perhaps \$10,000,000) the property was developed into one of the most magnificent estates in the world—with a chain of artificial lakes, hills, lagoons, fountains, twenty-five miles of macadam roads and driveways, two million flowering plants, shrubs and trees (many imported from abroad), greenhouses, stables, huge barns, cottages and, to cap the whole, a pretentious mansion of fifty rooms with terraces and conservatories. One large greenhouse was stocked with rare and costly plants, another with exotic fruits and tropical flowers which grew in profusion even while snow whitened the ground outside. There were all-year-around rows of the lowly American string bean which Duke, characteristically, ordered planted because, he said, he'd never been able to get his fill of string beans in boyhood.

Duke's Somerville extravagances, string beans and all, made no alarming dent in his personal fortune. Not only had he succeeded in cutting many juicy slices from the Wall Street melon from time to time but his great tobacco bonanza was rolling up profits like a tidal wave. American Tobacco's net earnings for 1902 were \$13,291,460; Continental Tobacco's even larger. In January, 1903, the shareholders of the overlord Consolidated holding company—chiefly Duke and his group—voted themselves a cash dividend of 20 percent, or \$16,000,000. Later in the year another subsidiary company was formed to satisfy the American public's

taste for the cheap and redolent type of cigar known as the stogie. The new trustlet—American Stogie—promptly issued \$11,855,000 in stock, most of which was tucked into the thick portfolios of the American Cigar Company.

In 1904 events forced a reshaping of the mammoth tobacco combination's entire form of organization and financial set-up.

Early in the year the Supreme Court of the United States, in a historic decision, branded as illegal the Northern Securities Company, a holding company formed by J. Pierpont Morgan to control two railroads, Great Northern and Northern Pacific, through ownership of majority stock in the roads. Duke's holding company—Consolidated—was organized on exactly similar lines. Its legal position now seemed highly untenable, particularly with the trust-busting Theodore Roosevelt—Wall Street's personal bogyman—in the White House. Despite T. R.'s collaboration in the collision with the Japanese, Duke was at one with his fellow magnates in his dislike and fear of the President—an attitude which seems a little comical from our present post of observation. However, the fear was very real in those days and the Northern Securities decision sent Duke, Ryan and their closest associates into closeted conference with their lawyers. After many powwows, it was decided to transfer the actual assets of Consolidated's chief subsidiaries—American

and Continental—to a single corporation, which would resume the old name of the American Tobacco Company.

Another motive for reorganization lay in the low price which the 4 percent bonds of the Consolidated commanded on the market. The investing public and conservative elements in Wall Street were deeply suspicious of the murky financial maneuvering and obvious personal speculations in tobacco stocks of the Duke-Ryan band of insiders. Hence, Consolidated bonds had never reached seventy on the market and at times had sold below fifty. The new plan, of which Duke as usual was the author, would reduce the amount of bonds against the property, thus giving them greater security. Certain cynical critics guessed that Duke's purpose was either to sell the bonds held by himself and his associates or to exchange them for preferred stock at a higher annual dividend yield. However, the scheme, when finally announced, continued to concentrate voting control of the entire enterprise in the common stock, and chief counsel W. W. Fuller, in a bland statement, passed over this phase of the reorganization:

The success of the Consolidated Tobacco Company and of the American Tobacco Company and the Continental Tobacco Company since the formation of the Consolidated Tobacco Company and the consequent addition first of \$30,000,000 and then of \$10,000,000 additional

cash to the working capital of these companies has been very great. It is believed that a merger of the three companies into one would work to the increased security and simplification of the whole investment and business as well as economy of management . . . A plan has been devised for this purpose which recognizes existing priorities on the earnings and assets of the respective companies and which, it is thought, is also otherwise fair and just in its treatment of respective holders of the stocks and bonds of the three companies.

The merger plan provided for cancellation, conversion or exchange of securities of the three companies. After a brief and abortive attack by a minority Consolidated bondholder in the courts, the merger was overwhelmingly approved by stockholders of American, Continental and Consolidated, and became a fact October 19, 1904.

By strictly limiting voting powers of preferred stockholders, Duke and his clique, clinging to their common stock, retained their vise-like grip upon the entire combination. On the Stock Exchange only preferred stock was listed, and trade in it was lively. Duke was chosen president of the new Trust under an old name. His vice presidents were John B. Cobb, Caleb B. Dula, Charles E. Halliwell, William R. Harris and Percival S. Hill. The merger agreement provided for a board of twenty-eight directors, all of whom had served similarly in one or more of the old companies.

Of the old crowd who had followed Duke into the original American Tobacco Company fourteen years before, there remained only his early partners, brother Ben Duke and George Watts and George Arents, formerly of Allen & Ginter. The other pioneers had dropped out or been ousted when they sought to block Buck's transcendent ambition. The present board comprised the men Duke had selected to help him operate and finance the Trust. In alphabetical order they were: George Arents, Anthony N. Brady, Paul Brown, John B. Cobb, Thomas Dolan, Benjamin N. Duke, James B. Duke, Caleb C. Dula, Robert B. Dula, Charles E. Halliwell, William R. Harris, George W. Helme, Percival S. Hill, Herbert D. Kingsbury, Pierre Lorillard, Thomas J. Maloney, William H. McAlister, Rufus L. Patterson, Oliver H. Payne, Frank H. Ray, Thomas F. Ryan, Grant B. Schley, Robert A. C. Smith, Robert K. Smith, Charles N. Strotz, George W. Watts, Harry Weissinger, Peter A. B. Widener.

The new company was authorized to issue \$100,000,000 in common stock, \$80,000,000 preferred—both of \$100 par value. After the readjustment in securities, it had outstanding on October 20, 1904, \$40,242,400 in common stock and \$78,689,100 of 6 percent cumulative preferred; and in bonds the following: 6 percent gold bonds, due 1944, \$56,090,400; 4 percent gold bonds, due 1951, \$78,689,100; 7 percent debentures, \$1,581,100. Standing against the

business, therefore, were capital obligations of \$255,000,000.

With a surplus of \$26,000,000, total assets were listed in the books at \$274,000,000. But this was far from a complete picture. The Trust's holdings in subsidiary and allied enterprises were probably as valuable as the parent corporation's acknowledged assets. John Moody, editor of *Moody's Manual*, estimated the grand total at \$502,000,000. In *The Truth About the Trusts*, published the year of the merger, Mr. Moody wrote:

The development of the Tobacco Trust from a modest consolidation, in 1890, of Eastern tobacco and cigarette manufacturers to a world-combination of every form of tobacco production and distribution, is a phenomenon of absorbing interest. Today the tobacco combine makes its influence felt in every clime and dominates the tobacco industry in all its branches on both sides of the Atlantic. It grows the raw tobacco, transports it, converts it into its various uses in the shape of cigars and cigarettes, chewing tobacco, snuff etc., and distributes it to the four quarters of the globe.

The element of monopoly is comparatively light in the Tobacco Trust and its stability and success up to the present time have been due quite largely to the fact that its promoters have from the beginning recognized this lack of a strong monopoly element and have seen that they would inevitably be forced to do one of two things: either

to progressively absorb all competition as rapidly as it might spring up, until they finally controlled the tobacco production of the world, or else succumb to open competition from all comers, and operate entirely on the basis of low-cost production and non-inflated capitalization.

The latter course, however, while more conservative, was the least inviting, particularly as the combine had started with a watered capitalization; and therefore the resolve was doubtless made early in the history of the Trust to progressively reach out and control the entire industry, buying in competitors as rapidly as they might spring up and become formidable. That this policy, so bold and venturesome, has, up to the present day, succeeded so well is a living testimonial to the genius of the remarkable group of men who stand at the head of this wonderful aggregation of consolidated industry. The Tobacco Trust today stands out a shining example of the adherence to an ambitious, bold, aggressive policy in modern finance which, up to the present time, appears to have reaped marked success. Like the Copper Trust, it began its work with no monopoly, but with the hope of gradually acquiring one; but unlike the ill-fated copper combine, it has never yet "fallen down" in its program. By steady, progressive steps, now covering a period of fourteen years, it has gradually taken unto itself all that is important or profitable in the tobacco and its allied industries.

Truly, Duke had come far in his single-minded pursuit of wealth and power. His steadily ascending star

seemed firmly fixed in a glittering firmament. Yet, both in his private and in his business life, he was heading into storms which a person of less confidence in himself would have been unable to weather. First came a sudden and mystifying disruption of his romance with Lillian Fletcher McCredy.

Chapter IX

Scandal

SHORTLY AFTER Duke's bold invasion of England, his father carried out a long-cherished ambition to visit Europe. This simple journey, strangely enough, initiated a dramatic series of events entangling his youngest son in a skein of scandal and intrigue.

Washington Duke was accompanied by his friend and physician, Dr. A. G. Carr of Durham, who brought back two anecdotes that tickled the town. Finding themselves in a German resort, Dr. Carr, a great practical joker, slyly signed the register of the Grand Hotel: "Washington, Duke of Durham, and physician." The misplaced comma won the tourists all sorts of attention, including a formal call from the

Burgomaster. Duke was so pleased with the success of the ruse that he employed it later in England. Visiting an ancient castle, the Americans were shown a resplendent throne chair which had been used by royalty for many generations. Duke plumped himself down in the chair to the horror of the custodian who told him such privileges were reserved for the nobility. "Oh, that's all right," the old gentleman assured him solemnly. "I am the Duke of Durham." The custodian was so impressed that he led his "titled" guest and Dr. Carr through treasure-laden apartments of the castle barred to the public.

On this trip, both in Europe and in New York, Washington Duke met and talked with many Tobacco Trust men. And somehow, from hints inadvertently dropped here and there, he gained an inkling of the intimate relationship existing between his son Buck and Mrs. Lillian McCredy. Such relationship was repugnant both to his personal code and to his religious beliefs. When he returned to Durham, troubled in mind, he had a talk with his son Ben, to whom he had been more closely attached than to Buck. Ben Duke and his father were both pillars in the Methodist Episcopal Church, South. Their names generally headed the list of contributors to local charities. They were the chief financial backers of Trinity College, a Methodist institution which in 1892 had been enabled to move to Durham from the woods of Randolph County

through a gift of \$85,000 from Washington Duke, who explained: "Some say I ought to give my money to feed poor folks. I don't think so. If I give money to them, they will soon eat it all up. I'd rather give my money to make some people who will feed themselves." One stipulation by the donor was that the college should open its doors to women. Now numbered among the students at Trinity were both of Ben Duke's half-grown children—sprightly Mary (she who had added Lillian to her name as a compliment to "Uncle Buck's sweetheart") and her older brother, Angier Buchanan Duke.

Alone of the family, Ben Duke had known for some time of the secret liaison between his brother and Mrs. McCredy. In fact he had often been entertained by the couple in their New York mansion. Nevertheless, Ben sought now to allay his father's suspicions, assuring him that Mrs. McCredy was simply an old and valued friend of Buck. He promised, however, that he would look further into the situation on his next visit to New York. These trips north were becoming more frequent, for the Ben Dukes were erecting a house in New York on a site selected by Buck at Fifth Avenue and 89th Street.

In the late summer of 1904 the brothers Duke met at the Hoffman House in New York. What Ben told Buck about their father's suspicions is, of course, unknown. However, Buck, in the midst of his strenuous

activities reorganizing the American Tobacco Company, found time to write a letter to Mrs. McCredy summering at the Mount Washington Hotel in the White Mountains. In the letter Duke asked Mrs. McCredy to marry him in order to set at rest "certain disagreeable rumors or scandals."

Followed an extraordinary sequence of events:

On the evening of November 28, 1904, Duke, with his general factotum Henry Ruppert, took rooms at the Hotel Walton in Philadelphia. At the same time Mrs. McCredy and her maid, Nellie Sands, occupied a suite which had been reserved for them at the Bellevue-Stratford. Next day a small party gathered in the parlor of a house on a tree-lined, residential thoroughfare—217 Cooper Street—in Camden, New Jersey. This was the home of Louis J. Seal, president of the Consolidated Stock Exchange in Philadelphia, whose wife was an aunt of Mrs. McCredy. A local minister, Rev. Marshall Owen, pastor of the Centenary Methodist Church, was waiting, and in a few minutes Lillian Fletcher McCredy had become Mrs. James B. Duke. Duke was within a few weeks of his forty-eighth birthday; his bride was forty-two. Even Duke's calm self-assurance would have been shaken if he had known that the woman with whom he had just exchanged vows had torn herself, weeping, only the night before from the arms of another man.

Accompanied by Henry Ruppert and Nellie Sands,

the Dukes sailed at once for Europe on the Baltic. Not until they were at sea did the aunt, Mrs. Seal, by arrangement, send out wedding cards and announcements that Mr. and Mrs. Duke would be at home after February 1, 1905, at 11 West 68th Street, New York.

The honeymoon was passed along the French and Italian Riviera, where the weather was unseasonably cold and damp. Duke suffered twinges in the foot which had bothered him since boyhood. Returning to America early in February, the couple paid a brief visit to Duke's father in Durham, then sought sunshine in Florida. Here Duke's bad foot became swollen and he and his wife hastened back to New York to consult specialists. The diagnosis was erysipelas with "threatened gangrene" and Duke was ordered to remain in bed for six weeks or use crutches. His temper was not improved by the enforced rest. In the midst of this ordeal came news that Washington Duke had fallen and broken his hip. As soon as his own condition permitted, Duke hurried to Durham, and he and Mrs. Duke were at his father's bedside in May, when the sturdy old patriarch passed away at eighty-five.

After the funeral, Duke told his wife that they would pass the warm months at Somerville, where he mapped out a busy program of terracing, grading and transplanting. Mrs. Duke objected strenuously. She detested the low, flat country around the estate, the

noise, dust and chronic confusion about the place. Nevertheless, she accompanied her husband.

In May and June there were many clashes between these strong-willed individualists. Lillian Duke threatened often to return to town. Duke ~~retorted~~ that he'd take away her horses and carriages and refuse to pay her bills. She asserted angrily that she'd walk or hire cabs. Thus the couple, after a bare half year of matrimony, were at dagger's point.

Then, early in July, through messages intercepted by servants at Somerville, Duke learned that his wife was communicating with a man friend. Instead of confronting her with the information, he consulted lawyer Junius Parker, an associate of W. W. Fuller, and Caleb Dula, one of his vice presidents. It was arranged that Mrs. Duke should be placed under surveillance, while Duke himself should "suddenly be called to London on business." The plan was carried out. Duke sailed alone July 16, 1905, returning late in August. What happened in the interim was spread upon the records of a sensational divorce trial.

On September 2nd, Duke began a suit for absolute divorce in New Jersey through Richard V. Lindabury, of the law firm of Lindabury, Depue & Faulks, with offices in the Prudential Building in Newark, who for years had been the Tobacco Trust's attorneys in that state. The papers, filed in the Court of Chancery at Trenton, alleged that between July 1 and September 1,

1905, Mrs. Duke had been unfaithful to her marriage vows with one Frank T. Huntoon. A half dozen or more acts of adultery, on specific dates, had been committed, it was charged, in the Duke town house and in certain unspecified places on Long Island.

The co-respondent, Huntoon, was a tall, grizzled, soldierly looking man about town, known from one end of Broadway to the other as "Major" Huntoon. Sixty-six years old, he was president and general manager of a popular brand of mineral water, a familiar figure at all the race tracks of the day, a first nighter at the theatres and a member of the famous Old Guard regiment as well as of a number of prominent clubs. He occupied bachelor quarters at the Hotel Wolcott off Fifth Avenue.

Both sides sprang to battle stations. Denying all wrongdoing, Mrs. Duke admitted that Huntoon, an old friend of her family, had often escorted her in visits to fashionable restaurants, the races and the opera. Her attorneys demanded dismissal of Duke's suit on the ground that the New Jersey courts lacked jurisdiction, since both parties were legal residents of New York and all the alleged acts had occurred in the latter state. When this motion was denied, without prejudice to future renewal, Mrs. Duke filed a cross petition accusing her husband of infidelity with a servant, housekeeper at the Somerville estate, and with gross brutality. The wife portrayed the housekeeper as the

real mistress at Duke's Farm. Duke, she swore, insisted upon the housekeeper dining with them, gave her complete authority over the household and sat up at night drinking with her. The housekeeper, she said, had become independently wealthy through Stock Market tips given her by Duke. She declared that on their wedding trip Duke "in a most inhuman fashion insisted and compelled defendant to take and continue long journeys in an open vehicle, exposed to rain, hail and snow, over a large part of Italy and France, so that she lost twenty pounds in weight. Her nervous and physical health was wrecked, and she has never been completely restored."

Continuing, Mrs. Duke went on to charge that many other times since their marriage her husband had treated her unkindly and cruelly, had on several occasions kicked her out of bed, had struck her with a crutch, had choked and shaken her, leaving black-and-blue bruises and had called her vile names. The bill then said: "His habit was to drink large quantities of intoxicating liquors every night, which inflamed his brutal spirit and increased the infliction of wrongs and indignities to which he subjected defendant." Duke was also accused of improperly influencing Mrs. Duke's servants for the purpose of obtaining evidence against her. The wife asked dismissal of her husband's suit and the granting of a divorce to her on the cumulative grounds set forth.

Duke's reply was a sweeping denial of the charges, together with a legal objection that his suit on the ground of adultery could not properly be joined with his wife's cross petition asking divorce on other grounds. This view being upheld, Duke's divorce action came to trial in late April, 1906, in the New Jersey Court of Chancery in Newark. Presiding was the venerable Vice Chancellor Henry C. Pitney, a mid-Victorian gentleman of the old school and a stickler for the standards and ethical niceties of ancient English law. Duke was represented by an imposing array of counsel: Richard V. Lindabury, Alvah A. Clark, W. W. Fuller and his assistant, Junius Parker. Mrs. Duke's lawyers were Chauncey G. Parker and Samuel Kalisch. Alan H. Strong appeared for Huntoon, who had intervened as a voluntary defendant.

Most of the testimony was drawn from servants and private detectives. None of the principals took the stand. Duke sat in apparently stolid indifference as the story of his long pre-marital relationship with Lillian McCredy was spread upon the record. Mrs. Duke, after one session, marched scornfully from the courtroom and did not return.

Frederick C. Munford, private detective, gave detailed accounts of meetings between Mrs. Duke and Huntoon during the summer of 1905, and of motor drives they enjoyed in her new car. Once, mounted on a bicycle, he peddled madly after them all the way

to Coney Island. It was the hottest night of the summer, added the witness in rueful recollection. After the couple returned from their refreshing jaunt, the perspiring sleuth said he kept his eyes glued on the doorway of the West 68th Street house until three o'clock in the morning; but Huntoon did not emerge. Another detective, one Victor Milch, said that from August 1st through August 30th he was constantly shadowing the 68th Street residence, going on guard duty at 6:30 P.M. and remaining all night. On August 12th, 13th, 23rd, 24th and other dates, he testified, he saw Huntoon enter and remain from two to six hours. August 23rd Mr. Huntoon drove to the house in a cab and was admitted, and an hour later Mrs. Duke arrived in her automobile. Mr. Huntoon was still there when he went off duty at 6 A.M.

Caleb Dula, a vice president of the American Tobacco Company, told of having been called from his hotel to 68th Street on several occasions after midnight. On August 2nd he waited until 1:25 A.M., when he saw a man leave the house and a woman on the third floor wave a salute to him. He identified Huntoon as the man.

Mr. Kalisch, for Mrs. Duke, was curious to know why a Tobacco Trust executive should be snooping around on such a mission at such an hour. Dula did not prove very communicative.

Kalisch asked: "You were told to get this testimony, weren't you?"

"Well, I don't know that I was told to get it," retorted Dula, "but I did get it."

"What did you get?"

"Evidence that Mrs. Duke was guilty."

"I object!" interrupted counsel.

"What for?" asked Vice Chancellor Pitney, his gray, pointed Vandyck seeming to quiver with excitement. "You brought that out yourself. You asked for his opinion and you got it. I consider it competent."

This paved the way for the testimony of Duke's star witness: the maid, Nellie Sands. Her narrative was sensational and she seemed fully conscious of its importance. She had entered Mrs. Duke's employ shortly after her arrival in this country from Norway in 1897. Mrs. Duke was then Mrs. McCredy, a "grass widow." Mr. Duke came and went at will, occupying a bedroom on the third floor near that of her mistress. She said she had known Mr. Huntoon since the summer of 1903. He was a frequent caller during Duke's absence.

Q. How often did he call?

A. Sometimes two, three or four times a week.

Q. Did he take her out to dinner and opera?

A. Oh, yes.

Q. Is Mrs. Duke fond of music and did she not entertain her guests with singing and music in her library?

A. Yes, sir.

Q. Mr. Duke is not fond of music, is he?

A. That's what she said.

Q. Mr. Duke doesn't say much about anything, does he?

A. No, sir.

The maid said she had noticed a growing intimacy between her mistress and Huntoon. They called each other "dear" and "sweetheart." In the summer of 1904, Huntoon joined Mrs. McCredy in the White Mountains. Returning, Huntoon left the train before it arrived in New York. Just before Mrs. McCredy's marriage to Duke, she told the witness that she intended to break her friendship with Huntoon. Yet, the night before the wedding, the handsome, gray-haired mineral-water man came with them to Philadelphia and he and Mrs. McCredy "hugged and kissed and parted in tears at the railroad station." And, on the day of the wedding, Mrs. Duke gave her a telegram addressed to Huntoon and directed her to send it.

On the European bridal journey, the witness asserted, Mrs. Duke and Huntoon were in constant communication, using her as their "post office." Huntoon's letters were addressed to her. She knew his handwriting and delivered the letters to her mistress without breaking the seals. Mrs. Duke warned her to be careful, saying that Duke was "a very jealous man." Huntoon also communicated with Mrs. Duke by means of "per-

sonals" which were published in the New York and Paris editions of the *New York Herald* between December 8, 1904 and January 29, 1905.

Copies of the papers were produced and the personals read by Mr. Lindabury, of counsel for Duke. In one of the mesesages, Duke was referred to as the "Octopus." Here are samples:

Longing for cable announcing your arrival. Your prophecy proved true. Little knew how essential you are to my happiness.

Wrote maid yesterday. Cable received. Sentiments made me much happier. If condition serious go to you at once. Can nurse you back to happiness. Not too late unless you are contented with present surroundings. That is impossible, isn't it?

One year from yesterday should be our anniversary. London letter hugely enjoyed. Cable arrived.

At your home all is sad and lonely. Vacant chair recalls absent one. Your house pets are well. The bird sings sweetly. I dream every night you will be mine forever. Don't wear low-necked dresses.

Oh, memories that bless and burn! This separation is killing. Please don't wear low-necked dresses. Shall enjoy your house until Octopus returns, when that pleasure will cease.

Connecting up the last personal, Duke's counsel produced an affidavit from Mrs. Lillian Davis, defendant's former housekeeper. She swore that Mrs. Duke, just before leaving on the European honeymoon, had instructed her to permit Huntoon to stay at the house whenever he liked and to occupy Mrs. Duke's room. Huntoon availed himself of the privilege on several occasions, including the Christmas of 1904, when he remained two days. Mrs. Davis said that she received a wireless message from Mrs. Duke February 7, 1905, saying that she and her husband were off Sandy Hook and would be home the following day. The housekeeper said she broke the news to Huntoon. He went away after giving her a sum of money to buy flowers. If Duke asked about the flowers she was to say they had been left by unknown friends, but Mrs. Duke was to be told the identity of the donor.

Louise Bonderson, former waitress, testified the servants were given strict orders by Mrs. Duke to be in their quarters on the top floor and a-bed by 10:30 o'clock. On one occasion, while Duke was in Europe, Louise said she peeped down the stairs and saw Mrs. Duke and Huntoon mount the flight from the second to the third floor and enter Mrs. Duke's bedroom.

During this same period, Nellie Sands asserted, Huntoon sent many cases of champagne to the house and he and her mistress would drink and sing in the music room until they got "giggly." Once Huntoon arrived

with a half dozen beautiful night robes and Mrs. Duke remarked: "I am never going to wear these when Mr. Duke is at home."

After the return from the bridal trip, Duke's illness confined him for a time to his third-floor bedroom. The witness said that Mrs. Duke would bid him good night, saying that she was going to bed, and then go below to join Huntoon, who had slipped into the house. Later, when the Dukes were summoned to his father's bedside in Durham, the maid said the defendant sent daily telegrams, most of them through her, to Huntoon. She identified the following messages, all addressed to F. T. Huntoon, The Wolcott, 31st Street and Fifth Avenue, New York:

May 4, 1905—Arrived safely. Party very ill. Have telegraphed Nellie to leave this afternoon. Send me message by her.

L. D.

May 5, 1905—Nellie arrived. Uncertain about going home. Party very ill. Write here to Nellie. Love and best wishes.

L.

May 6, 1905—Hope you are well. Party very ill. Everything uncertain. Don't forget all promises. Love and best wishes.

L.

May 8, 1905—Mr. Duke died at 2 P.M. Funeral Wednesday at 11 A.M. Happy over two letters. Have written. Expect to start for home Wednesday or Thursday. Will wire tomorrow. Miserable. Love.

L.

May 9, 1905—Received third letter last evening. Always miss you. Sad, lonely and miserable. Hope you are well and keep all promises. Have written. Love.

L.

May 10, 1905—Will arrive in New York early tomorrow. Will telephone you at 9:30. Hope to see you. Love and best wishes.

L.

The defense made every effort to break down the testimony of the servants, particularly that of Nellie Sands. Mrs. Jennie Lincoln, Mrs. Duke's companion, testified that Nellie had told her she had been "kidnapped" by Duke and kept incommunicado in the house of Junius Parker, a Tobacco Trust attorney, until she had agreed to tell a "satisfactory" story. Emma Sledge, a laundress, swore: "Nellie told me that she had told Mr. Duke and Mr. Parker that she didn't know anything against Mrs. Duke and couldn't say anything. She told me Mr. Duke said he'd be a father to her if she would stand by him, and that he gave her a thousand dollars' worth of American Tobacco stock." Another witness quoted the maid as revealing that Duke had

also given her a valuable marquise ring "set with a sapphire and surrounded with diamonds." In cross-examination, Nellie Sands was questioned sharply on these points. Explaining how she had come to testify for Mr. Duke, she said:

"On August 30th last, in the evening, Mr. Duke telephoned me and asked me to meet him at Fifth Avenue and 57th Street. He was in a cab. He was very much upset. He said to me: 'I have caught her at last.' I began to cry and asked him to forgive her, but he said he could not."

Duke, the witness said, drove her to the home of lawyer Junius Parker, with whom she talked until eleven o'clock. She stayed that night with a woman friend of the lawyer and next day Duke got her a position in the home of his brother, Mr. Ben Duke, with whom he was living. Asked why she had not returned to Mrs. Duke's home, the witness explained with a touch of melodrama:

"When I heard *everything* at Mr. Parker's house, I knew I could not take her part and could not go back to her."

Q. Did you ever tell anybody that you had been kidnapped?

A. Of course not, because it isn't true.

Q. Didn't you tell Mrs. Lincoln that a man took you in a cab and drove you to Junius Parker's house, where you were kept a prisoner?

A. No, sir. I was allowed to go anywhere in the city of New York. It was the greatest sorrow of my life that Mr. and Mrs. Duke parted, but I knew I couldn't take her part in a divorce court and thought it best not to go back to her.

The witness denied with asperity that Duke had patted her on the shoulder and promised to be a father to her. True, he had given her a ring. But this was to replace one she had lost, one which had been given her by Mr. and Mrs. Duke jointly. Mr. Duke had also given her some stocks, thus fulfilling a promise he had made to her on his wedding day.

"What's that?" asked Vice Chancellor Pitney, cupping his ear. "Socks?"

"Oh, no," corrected the witness, amid laughter, "shares of stock in the American Tobacco Company. He promised them to me the day he married Mrs. Duke and gave them to me on the first of last June."

Q. Haven't you always told everybody that you were very fond of Mrs. Duke?

A. I was very fond of Mrs. Duke, very, very fond of her.

Q. And yet you never went back to see her?

A. No, sir. I was disappointed in her. I thought the way she carried on with Mr. Huntoon after she married Mr. Duke was disgusting.

Q. When did you first feel this disappointment?

A. Right after she got married, when I found that she was not going to give up Mr. Huntoon.

Q. But you never mentioned it to Mrs. Duke?

A. Yes, sir, I did.

Q. When did Mrs. Duke tell you she was going to give up Mr. Huntoon?

A. Several times. Once on the day of her wedding, after the ceremony. She said she had seen him for the last time.

"I felt sorry for Mrs. Duke," volunteered the witness.

"Why?" asked Mr. Lindabury.

"Because she was such a foolish woman to throw herself away."

On this note the hearings ended. The defense renewed its efforts to have the petition dismissed on the ground the courts of New Jersey could not hold jurisdiction in a divorce case involving acts committed in another state by residents of the other state. As previously, the objection was overruled by Vice Chancellor Pitney, who had accepted Duke's claim to New Jersey citizenship. Both sides thereupon agreed to submit the case without argument.

Next morning, May 4, 1906, the Vice Chancellor announced that he would recommend a divorce for Duke. The evidence, asserted the court, was overwhelming and Mrs. Duke's absence, after the first day, was practically an admission of guilt. There was no

financial settlement, it having been disclosed at the hearings that Duke had given his wife, during the course of their association, some \$250,000 in real estate and money.

In New York, Mrs. Duke gave a vigorous interview in which she asserted that she had been defeated by her husband's millions. Perhaps she had been a foolish wife, but not an unfaithful one.

"The trial was a travesty," she declared. "The paid witnesses against me could show no real wrongdoing. Major Huntoon has been a friend of twenty years' standing. True, letters and telegrams passed between us. What of that? We are living in a modern age and a wife no longer can be made a prisoner by her husband, as Duke sought to make of me.

"From the time the suit was started I had information that the decision would be against me. After the first day I was ill, but if the case had been anything but a farce, I might have found strength to appear and continue the fight. The suit should properly have been tried in New York. Then I feel sure the result would have been different. Chancellor Pitney is an old man and his real life was lived a generation ago. He bases his decisions upon the code of a country town of half a century ago."

Mrs. Duke made the further surprising charge that her own sisters—Mrs. Emma C. Morrison, a widow, and Mrs. Louise Bail of Philadelphia, wife of a Read-

ing Railroad official—had treacherously spied upon her in behalf of Duke. Their motives, she said, were jealousy and a desire to share in the tobacco man's wealth. A startling aftermath of this charge was to come some years later when it was brought to light, through a squabble with her attorney, that Mrs. Bail had sued Duke for \$200,000, and had accepted a settlement of \$7,500. Mrs. Bail claimed that Duke had broken an agreement to make her comfortable for life after she had aided him in obtaining evidence against her sister.

In her defiant post-divorce interview, Duke's defeated wife promised that he would hear from her again. He did, more than once.

Buck Duke was not the only member of the family whose marital misadventures drew headlines during this period. Half-brother Brodie Duke also landed in the divorce courts under circumstances even more unsavory.

Since his enforced withdrawal from the firm of W. Duke Sons & Company, Brodie's life had been crowded with adventure and color. A lover of wine, women and horses, promoter, gambler, traveler, Brodie, unlike the other Dukes, sometimes went broke. Yet he continued to hatch grandiose ideas, some good, some bad, and always managed to land right side up—happy, humming and ever ready to take another crack at Dame Fortune. In 1891 he erected the Pearl Cotton Mills,

named for his youngest daughter, who later married United States Senator N. L. Bachman of Tennessee; then he built the Durham Belt Line Railway, intending to erect factories upon it, but the panic of '93 forced him to sell to the Norfolk & Western. Soon after, the cotton mills were taken over by his half-brothers. Brodie promptly formed the Duke Land & Improvement Company and soon had acquired 400 parcels of property and 30,000 acres in Durham, Chatham and Orange Counties. Real estate proving too tame, Brodie began plunging on the New York Stock and Cotton Exchanges. Then he wandered through the Western country, searching for gold and other valuable minerals, organizing expeditions or backing sourdoughs and desert rats. In these restless years, he won and lost several fortunes. The mere possession of money meant nothing to him. Once, thinking himself insolvent, he signed an I. O. U. for a few thousand dollars only to discover when he returned to Durham and went over his affairs with his father that his assets totaled more than \$2,000,000. Washington Duke always held a sizable block of tobacco stock in reserve for his prodigal son.

Some years after the death of his first wife, Brodie Duke married Mrs. Minnie Woodard of Alabama and Pasadena, California. They had one child, Woodard Duke, who later met death in a motor accident. In March, 1904, the couple were divorced because of

Mrs. Duke's continued insistence upon living in California rather than in Brodie's rambling old mansion in North Duke Street, Durham.

Early in December that year, Brodie Duke appeared at a notorious hotel in uptown New York, accompanied by two women, and the trio proceeded with gusto to continue a spree apparently begun some time before. Both women were well known in the less reputable districts of New York and other cities.

The spree went on for weeks, with open house for the hotel help and hangers-on. Everything was charged to Duke. In the midst of it, on the evening of December 19th, Brodie and Alice Webb, one of the women, drove to the Madison Square Presbyterian Church and were married by the Rev. Dr. W. W. Coe, assistant to the pastor, the famous moral crusader, Dr. Charles H. Parkhurst.

A few days later, Ben Duke, visiting New York, was called on the phone at the Hoffman House by a woman who said:

"This is your new sister-in-law, Alice. I called up to tell you I have married your brother Brodie. We are very happy. He wants to talk to you."

Ben Duke heard some conversation; then a voice which he recognized as Brodie's came over the wire. It said:

"This little girl has got me and got me good."

Ben Duke asked Brodie if he were satisfied and

there was a conversation at the other end of the phone in which he heard women's voices. Then Brodie said: "Yes, it's all right. I'm satisfied."

The phone call was traced; the story of the marriage was developed; lawyers and detectives were called in; Brodie's oldest son, B. Lawrence Duke, was summoned from Durham. Brodie and his bride fled to the Park Avenue Hotel. De Lancey Nicoll, acting for the family, sued out a warrant for the groom's commitment to the psychopathic ward at Bellevue Hospital on the ground that he was irresponsible. A few days later he was transferred to a private sanitarium on Long Island. Securities to the amount of \$40,000 were found in the patient's wallet. It was also discovered that a few days before the marriage, Brodie had made out three promissory notes to Alice Webb, each for \$5,000.

As soon as his head cleared, Brodie called in a lawyer of his own, sued out a writ of habeas corpus and was released. Meanwhile, investigations into his wife's checkered past were daily revealing new and bizarre episodes, including an assault with a gun upon one wealthy admirer and an unsuccessful suit against another as his common-law wife. Brodie refused to see either his wife or his relatives, saying: "If the charges against my wife's reputation are false, I shall redress her wrongs. If they are true, I'll redress my own."

After a short stay by the soothing sea in Asbury

Park, on the New Jersey coast, and a longer sojourn in a rest cure at Asheville, North Carolina, Brodie came to the conclusion that he'd best redress his own wrongs. He turned over control of his property to trustees for a period of one year and brought suit for divorce, setting forth that he had not the slightest recollection of his third marriage and that his wife had been unfaithful to him since that event. The action went against Alice Webb Duke by default, as she said she was unable to defend the suit without the aid of certain witnesses who, she declared bitterly, had been persuaded to stay out of the New York jurisdiction. The interlocutory decree in Brodie's favor was signed the week Buck Duke's divorce suit went to trial in New Jersey.

Despite their wry experiences, both Dukes were quite willing to venture again into matrimony, and soon did.

Chapter X

A Storm Brews

AFTER ITS REORGANIZATION in 1904, the American Tobacco Company continued its aggressive policy of absorption and domination. By 1906 the Trust controlled four-fifths of the entire domestic tobacco industry except cigars, where, however, its proportion of the output had increased to 15 percent. It made and sold 82 percent of the country's total of 7.4 billion cigarettes and little cigars; an identical proportion of the 182,000,000 pounds of chewing tobacco (plug and twist) manufactured in the United States; 71 percent of the country's 175,000,000 pounds of smoking tobacco; 81 percent of the 13,000,000 pounds of fine cut; and no less than 96 percent of the 23,500,000 pounds of

snuff consumed by Americans in 1906. In its myriad manufacturing processes, the Trust used 400,000,000 pounds of leaf tobacco.

Profits kept pace. In 1901 the earnings had been 13 percent; in 1903 over 16 percent; and for the next five years the average was 19 percent, or \$31,200,000 annually. Of this amount only about \$5,300,000 went to the holders of the \$104,000,000 bonds, \$4,700,000 to the owners of the \$79,000,000 preferred stock. The remainder, more than \$21,000,000, enriched the comparatively few men (Duke and his coterie) who clung tightly to the \$40,000,000 common stock which alone carried voting power. In addition there were extra dividends of subsidiary companies. Duke's clever and adroit arrangement and "readjustments" of capitalization were paying him and his group enormous returns.

Like an insatiable monster, the Trust continued to gobble up rivals or those who threatened rivalry. By 1906, dazed statistical economists estimated, no fewer than 250 formerly separate concerns and amalgamations had passed into the maw of the giant combination. Many of the quondam independents, as formerly, continued to masquerade as bona-fide competitors. The result was a great covey of subsidiary and secretly controlled companies, operated under separate corporate names. There were many reasons for the subterfuge. In the first place, some states, notably Pennsylvania, required corporations owning realty within the state

to be incorporated therein. Then, too, a definite value was attached to certain trade names such as that of S. Anargyros, who had built up good will and exclusive customer demand for his excellent Turkish cigarettes: Trophies, Moguls and Egyptian Deities. Almost 600,000,000 cigarettes of these brands were sold in 1906. The Bull Durham Company, Monopol Tobacco Works, Spaulding & Merrick furnish other excellent examples of the value attached to established trade names.

Also, from a Trust point of view, there was the necessity of combating the pesky and persistent efforts of the International Tobacco Workers' Union to organize the tobacco industry. Although Duke growled that he wanted no label on his goods save his own, the Trust instructed those of its secret subsidiaries whose plants had been unionized to hang on to the union label as long as possible. Obeying orders, Trust stooges in all parts of the country wriggled and squirmed, indeed did a lot of downright lying by bell, book and candle, in denying Trust ownership. The facts were admitted—and grudgingly—only after they had been brought out through court actions or in reports the Trust was required by law to make to certain government agencies.

With centralized financial control came centralized manufacture. As rapidly as possible the Trust concentrated manufacture in fewer and larger plants. In the

cigarette field, Duke had pointed the way. American Tobacco had acquired originally six cigarette plants. In 1903, two of these—the Duke at Durham and the Kimball at Rochester—were turned over to British-American and thereafter manufactured exclusively for the export trade. A dozen other cigarette factories bought during the '90's and the early 1900's were either closed or shifted to new uses. By 1905, the Trust had concentrated manufacture of all cigarettes for domestic consumption in three great plants: Allen & Ginter branch, Richmond, Virginia; Kinney branch in West 22nd Street, New York City; and the Irby branch in New Orleans.

In the West 22nd Street plant the Trust manufactured, in 1906, 1.3 billion cigarettes; the Allen & Ginter branch approximately as many. Brands included Sweet Caporal, Piedmont, American Beauty, Cycle and Richmond Straight Cuts. In New Orleans, the Irby branch turned out 304,000,000 Picayune, Home Run, King Bee and Coupon. All domestic cigarettes were made by machines, handled by some 2,000 operatives. In addition, Wells-Whitehead Tobacco Company, Wilson, North Carolina, in 1906 made 92,000,000 Virginia Bright cigarettes. Trust ownership of this company had been successfully concealed for three years.

The corporation's enormous chewing-tobacco business—138,000,000 pounds of plug, 6,000,000 pounds of twist—was more widely scattered. The largest single

plant in the chain, perhaps the largest in the world, was the combined Liggett & Myers-Drummond works in St. Louis. Here 2,000 workmen, with hydraulic machinery, pressed tobacco into plugs or cakes of various sizes and weights, or fashioned by hand twisted rolls of tobacco. Other large plants were the National at Louisville, Kentucky; the Sorg branch at Middletown, Ohio; Mayo branch at Richmond, Virginia; R. J. Reynolds at Winston-Salem, North Carolina; P. Lorillard at Jersey City, New Jersey; and the secretly controlled Nall & Williams which in 1906 turned out 4,000,000 pounds of sweet navy plug under the union label and widely advertised itself as independent of Trust domination.

Though retaining a separate corporate existence, the Lorillard Company was operated substantially as a branch factory. R. J. Reynolds was permitted greater latitude. Buck Duke stood a little in awe of this audacious, swashbuckling fellow tar heel, and with reason. For Reynolds, to say the least, had been a bit backward in recognizing the omniscience of the great tobacco mogul. When his journalistic friend, Josephus Daniels, had commiserated with him upon his having capitulated to the Trust, Reynolds had retorted with a snort:

“Don’t you believe I’ve quit fighting. Sometimes, you know, you have to join hands with a fellow to keep him from ruining you and to get the underhold

yourself. I don't intend to be swallowed by the Trust. Buck Duke will find out he has met his equal. Only now I am fighting him from the inside. You will never see the day when Dick Reynolds will eat out of Buck Duke's hand. If any swallowing is to be done, Dick Reynolds will do the swallowing."

Already Reynolds was beginning to make good his boast. After a few sharp exchanges, Duke had given Reynolds complete authority over the R. J. Reynolds Company, content with the two-thirds share of the profits which flowed into the Trust's coffers. On his mettle, Reynolds had forged ahead by leaps and bounds, buying up other concerns in his section, introducing and pushing new brands of his heavy, unsweetened plug. By 1906, five big Reynolds plants, employing 2,900 hands, were producing 25,000,000 pounds of manufactured tobacco a year, and the Reynolds Company occupied as commanding a position among plug manufacturers in the East and South as Liggett & Myers-Drummond and the National Tobacco Works occupied in the West.

In chewing tobacco there were literally hundreds of brands. Reynolds' price list alone, in 1906, contained fifty-seven varieties of plug, thirteen of twist. Here are some of the choice "chaws," by brand names, that puffed the cheeks of the American male and caused him to emulate the spitting llama: Brown's Mule, Schnapps, Sweepstakes, Suncured, Early Bird, Hanes

Natural Leaf, Apple Jack, Red Meat, Thoroughbred, Wild Duck. Besides its popular Horse Shoe, the Liggett & Myers-Drummond plant got out Big Gun, But-ton, Drummond's Natural Leaf, Five A, Good Luck, Tinsley's Best and in twist tobacco: Burley Cable, Cable, Granger, Honey Dip and Oklahoma Twist. National Tobacco still made its famous Battle Ax, Newsboy and Piper Heidsieck, and in addition be-guiled the ever-moving American jaw with Autumn, Black Bass, Brandywine, Burr Oak, Crane, Jolly Tar, Red Cross, Standard Navy, Tennessee Cross Tie and Wheelman. The Sorg branch's leading numbers were Black Diamond, Happy Thought, No Tax, Quality and Quantity, Saw Log and Spearhead; and in twist: Boon, Gold Rope, Keystone and Nobby Spun. Among the pride of the Mayo and Lorillard branches were But-ler's Big Fig and Fancy Chew, Jack Spratt, Lucy Hinton, Bullion, Climax, Green Turtle and Mechanic's Delight. Lorillard also made Big Lump, Boston, For-get-Me-Not, Neptune, Planet, Rose Leaf and Ter-rapin. In the West 22nd Street, New York, factory, Duke also produced his famous Honest Long Cut, which sold 5,000,000 pounds a year, and several other brands of long and fine cut including: Gold Coin, Ivan-hoe, Payroll, Hobby, Morning Glory, Champion and Double Five.

From the beginning the Trust had availed itself of every opportunity to substitute machinery and me-

chanical devices for hand labor. Any patent or mechanical improvement offering the slightest possibility of lowering manufacturing costs was eagerly snapped up. In the late '90's and early 1900's large sums were expended upon a vacuum can, the Brightwood box machine, a cigarette foil-packing machine, Russian mouthpiece machines and patents, the Ross tin-box patent, cigar machines, Sub Rosa (little cigar) packet development, coupon-folding machines, Royal Bengal (little cigar) machine, cork-tip machine, Trophy (cigarette) box machine etc. All machinery was repaired, some manufactured in a Trust-owned foundry and machine shop in Brooklyn. Later, two corporations were organized for the sole purpose of holding patents in tobacco machinery. These were Standard Tobacco Stemmer Company and the International Cigar Machinery Company. Through the latter, the talented Rufus Patterson directed the painstaking experiments which were to result in the first workable cigar-making machine.

While supervising every detail of manufacture, it was in salesmanship, as always, that Buck Duke excelled. His outlay for advertising and promotion schemes now averaged \$10,000,000 a year. Keenly interested in the phenomenal growth of the United Cigar Stores—the secret Trust retail outlet—Duke moved also to induce the larger tobacco jobbing houses to handle Trust products exclusively. A beginning was

made with a number of New England jobbers, who were given a special discount of 6 percent from wholesale list prices on condition that they confine their purchases entirely to Trust goods. The scheme was attacked in the courts and abandoned, as was a similar attempt to control jobbers in Philadelphia. However, Duke quietly canvassed important jobbers in various parts of the country and promised extra commissions to those who would guarantee "special attention" to his products. As evidence that the new arrangement was working out to its satisfaction, the Trust, in 1906 and 1907, was paying this special commission to 253 leading jobbers. In addition, American Tobacco acquired a direct interest, through purchase of stock, in several jobbing houses. Notable among these was the fine old firm of Acker, Merrall & Condit of New York.

Meanwhile, as the Trust grew and clamped its hold ever tighter upon the tobacco industry from grower to consumer, attacks upon Duke became more bitter and more personal. In North Carolina, a constant barrage was laid down by the liberal and doughty journalists, Josephus Daniels of the *Raleigh News and Observer* and Col. John R. Webster, proprietor of *Webster's Weekly*. Both these long-time Trust critics were prominent laymen in the Methodist Church. Since Ben Duke was a leading contributor to the church and, like his father, a lavish benefactor of the church's child, Trinity College, the fight often boiled over at denomi-

national conclaves. One year the Methodist Conference of Western North Carolina passed a resolution against the use of cigarettes as injurious to health and weakening to the intellect. The next year the resolution was again introduced, its sponsor asserting that if it were not adopted the public would conclude "that we have been bought off by the Dukes." Friends of Dr. John C. Kilgo, brilliant and erratic president of Trinity College and afterward Bishop of North Carolina, rallied against the resolution and it was defeated, after bitter debate, by the narrowest of margins.

When Duke began exporting carloads of cigarettes to China and sought to lure Oriental custom through pictures of scantily clad actresses, the News and Observer took him to task editorially: "The Duke cigarettes not only destroy the mind and body and home but give this country a bad name abroad." The paper quoted a Chinese missionary as having remarked bitterly: "The nude picture enclosed makes the cigarette poison the mind and body, and hampers the work of the Christian missionary." Soon after Dr. Kilgo said in a public address: "The broadest spirit in this country today is the business spirit, not the religious or political spirit. Civilization is now engaged in a great fight for supremacy in the Celestial Empire. I tell you that God will go into China through the cotton factory, the railroad and the telegraph quicker than through the prayer meeting." In rebuttal, the News

critics -
Duke

and Observer charged caustically that Kilgo had re-
frained from criticizing the Cigarette Trust and its
nude pictures because of the large gifts which the
Dukes had made and were making to Trinity College.

Col. Webster, a Trinity alumnus, went further and
sought to block Kilgo's election to the Bishopric on
the ground that he had constituted himself an open
spokesman and apologist for the Tobacco Trust. Kilgo,
said *Webster's Weekly*, had been transformed by
Duke influence "from a ripsnorting Populist to a gold-
bug and Trust apologist," adding that Trinity Col-
lege was "rapidly becoming a training school of Re-
publicanism and mongrelism and is designed to bring
up a race of Trust champions and apologists." When
the press reported Kilgo as having remarked that "a
man can take a diamond ring and lead the average
woman anywhere," Webster opened up with both bar-
rels: "Is a man who holds such views fit to preside over
a Christian college? It would be interesting to know the
reason for this college president's low estimate of
women. How many of the sex has he tempted with a
diamond ring?"

In the closing years of his life, Washington Duke's
pocketbook always flew open at the slightest request
from President Kilgo and Trinity College. The old
gentleman became infatuated with the eloquence and
personality of Dr. Kilgo. He would travel anywhere
in any weather to hear Kilgo speak. The educator, in

return, praised Wash to the skies and extolled his principles of business. "Trusts and monopolies," said Kilgo, "are not the awful curse to society that we are led to believe by demagogues." The *News and Observer* plunged to the attack: "Whose bread I eat, his song I sing. The more Kilgo praised the Dukes, the more money they gave. His defense of the Trust was a case of priming the pump—he poured a dipperful of sweetened words into the pump and gushes of gold poured forth."

Still vivid in the memory of the State was the so-called Kilgo-Gattis controversy which, raging in and out of the courts, had kept North Carolina in turmoil for years. The principal contestants were Dr. Kilgo and Supreme Court, afterward Chief, Justice, Walter Clark, a militant liberal and foe of the Tobacco Trust. Both men were fire eaters and their bitter exchanges of personalities and vituperation gave the English language a thorough workout. Reading their barbed words today, one wonders how the good brethren avoided fisticuffs and gunplay.

Judge Clark, a trustee of Trinity College, had long opposed Kilgo's efforts to block legislative appropriations for the State University at Chapel Hill, and was also wont to comment pointedly upon the educator's alleged subserviency to the Dukes. Clark defeated an attempt by Kilgo to have the Trinity trustees extend faculty tenures in office from one to four years, charg-

ing that Kilgo was seeking to perpetuate himself in power. Washington Duke had just made another \$100,000 gift to Trinity and Clark intimated that the return consideration was that the college students were "to be proselyted and taught political heresy foreign to the faith of their fathers" (a reference to the Dukes' Republicanism) and adding: "Wealthy syndicates may give you money, but the public will not send you boys."

The trustees censured Clark and called for his resignation. In reply the jurist wrote of President Kilgo:

Recently, in an affluence of sycophancy, he led a procession to the house of Mr. Duke and, in a public speech, extolled him as the greatest man the State had ever produced and as superior to all the sacrifices of blood and treasure the State had ever made; that, in comparison with this gift of money, the primacy of Mecklenburg, the thousands who had offered up their lives at Moore's Creek, at King's Mountain and all these years down to Cardenas, were as dust in the balance. In substance he said: "My Lord Duke, Give Us Money and Your Name Shall Be Exalted Above All Names." This deification of wealth—no matter how obtained—is not Christian education. This is not the language, these are not the thoughts, which a college president should teach his pupils. How much personal gratuity had so grateful a man received? Why did the Board not try him? Dr. Kilgo's reputation in South Carolina was that of a wirepuller of the ward-poli-

tician type. His performances in this State have justified his reputation. Length of years has not reformed him. He was a short time in Tennessee. One of the most distinguished members of your church in that State (not a layman) said to me: "We know the fellow well. He is a scrub politician. If your committee wanted information, I could have given it to them."

The trustees called a meeting to thresh out the charges but refused to hear Judge Clark unless he would agree not to publish his speech. Clark spurned this offer, whereupon the trustees exonerated Kilgo. The matter might have ended here, had not the trustees printed Kilgo's fiery defense. In this address Kilgo named a well-liked and mild-mannered elderly clergyman, Rev. Thomas Jefferson Gattis, as the source of Judge Clark's reflection upon his (Kilgo's) reputation in South Carolina. Plainly referring to Gattis, Kilgo said: "Behind a pious smile, a religious walk and a solemn switch of the coat-tail, many men carry a spirit unworthy of them," and added: "Between the man hiding himself by the highway and making a victim of an innocent traveler and the man who, in the dark, assassinates the character which a man had tried to build for himself, send me to the woods with a revolver and let me murder every passer-by rather than malign my fellow man."

Prodded by Clark and other friends, the Rev. Mr. Gattis promptly instituted a suit for defamation of

character, asking \$100,000 damages, against Kilgo and members of the Trinity trustees investigating committee: B. N. Duke, W. H. Branson and W. R. O'Dell. A jury in Granville County awarded Gattis a verdict of \$20,000. The defendants appealed on the ground that Kilgo's speech of defense was privileged. The Supreme Court granted a new trial. This resulted in a verdict of \$15,000. Again the defendants appealed and again the Supreme Court ordered a new trial. This time the lower court entered a non-suit because of lack of proved malice, not, however, before two alleged jury tamperers had been sentenced to six months in jail. When the case again reached the Supreme Court, this time on appeal by the plaintiff, the justices voted two to two, Justice Clark not sitting. Thus, after four years, the long and costly litigation ended in a tweedle- \$71
dum-tweedledee situation. However, as a measure of celebrity, there is a colored man in North Carolina today who bears the name Kilgo-Gattis Controversy Jones, and an epigram coined by Gattis' lawyer, Cyrus B. Watson, is still chuckled over in North Carolina.

"Gentlemen," exclaimed Watson in a fervid sum-
mation, "the motto of Trinity College should be changed from '*Eruditio et Religio*' to '*Eruditio et Religio et Cherooto et Cigaretto*'."

All this, of course, was just a sideshow to Buck Duke in New York. Beyond writing out a check at the re-

quest of his father to help build a new library for Trinity College, he had manifested no desire to enter the rarefied intellectual circle to which others of the family had gained admittance. Buck indeed had little interest in Durham. Much more important was the intense and growing hatred of the Trust among the tobacco growers, as manifested in some sections by actual threats of organized revolt against low prices the Trust was paying for its raw material. Buck put the blame for the agitation upon such men as Editors Daniels and Webster, whom he classified generally as demagogues and Socialists.

Daniels' newspaper compiled comparative quotations from various auction markets in North Carolina in proof of its assertion that the Trust had gradually cut in half the price of leaf tobacco. The paper declared that the farmers had been robbed of more than \$5,000,000 on the 1904 crop alone. That summer 3,000 farmers assembled in Rocky Mount, excoriated the Trust, and discussed plans for a permanent organization to protect their rights. Their leaders were Col. J. Bryan Grimes and Jesse Brake, leading grower of Edgecombe County. The latter exclaimed: "Four hundred and fifty pounds of tobacco today brings \$14.65. The American Tobacco Company is confiscating our tobacco! It has increased by three cents the cost of the goods it manufactures from our crops. It has had a six-cent tax taken off, yet it reduces by at

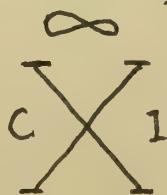
least one-third the price it pays us." Chief Justice Walter Clark compared the Trust to war and famine. The *News and Observer*, reporting the meeting, predicted that "the sleeping lion will be aroused and the American people will yet be delivered from their present slavery to the men whose dishonest dollars now dominate."

In the burley belt of Kentucky, there was even more vigorous protest against the starvation prices. The farmers charged that the Trust had abolished the competitive system of bidding for leaf tobacco. On the warehouse floors, the Trust quoted any price it pleased and the farmer had to accept this price or haul his tobacco home again. As a result, tobacco which for years had brought, in a free and open market, six to eight cents a pound was selling at three cents or less. Land which had formerly produced from \$75 to \$200 an acre now yielded less than half these returns. A distinguished Kentuckian estimated that the average tobacco farmer received less than twenty cents a day for his labor. Even the buyers for foreign-government monopolies, it was alleged, were restricted, through arrangement with the Trust, to fixed territories and a fixed price.

The situation was explosive. Violence soon flared. At one o'clock on the morning of December 1, 1906, 300 armed men rode into Princeton, Kentucky, seized the night watch, locked up the town's fire apparatus

and proceeded to burn two warehouses owned by the American Tobacco Company. While the fires were raging, the armed men were drawn up in lines of defense and prevented any attempt to extinguish the flames. As soon as the warehouses had been destroyed the men released the watch and the fire apparatus and rode away. Three hundred thousand pounds of tobacco had gone up in smoke. The raiders were not bandits or ruffians; ordinarily they were peaceful farmers. They had simply avenged themselves upon their economic oppressors in the only manner that seemed to them feasible.

There was more night-riding activity in Kentucky, more verbal assaults in North Carolina, more anti-trust agitation everywhere. But a greater menace loomed for Duke and his associates: the possibility that President Theodore Roosevelt would wave his trust-busting Big Stick in their direction. Straws in the wind indicated that T. R., whom the tobacco men disliked as heartily as another generation of Big Business reactionaries would dislike another Roosevelt, was bending a responsive ear to insistent and ever-growing demands that the Trust be prosecuted as a monopoly. In the Spring of 1907, the President permitted newspaper men to quote him to the effect that the Tobacco Trust had sought to defeat his nomination in 1904 but, after the nomination, had offered to contribute \$70,000 to his campaign fund. The Colonel added that he had



instructed Republican National Chairman Cortelyou not to accept the money. Also it had come to his attention, remarked T. R., that the Trust already was seeking to control the North Carolina delegation to the 1908 Republican National Convention.

In May, the *News and Observer* headlined a dispatch from its well-informed Washington correspondent, Tom Pence: "Teddy About to Jump onto Buck. The Tobacco Trust Will Hear Thunder," and applauded editorially: "The people do not merely want convictions and fines. They want an end of the Trust's extortions." This was followed in the summer by another broadside: "The Trust's desires are modest. All it wants is the earth with a barbed wire fence around it. The Tobacco Trust is a hog and wants all the swill. The tobacco crop is short this year. It ought to have brought twelve cents a pound but the Trust fixed it at seven cents or eight cents and that is all that is being paid."

During this period of gathering storm, the surprising chieftain of the Tobacco Trust had found time to engage in lighter pursuits.

Ben Duke, summering in 1906 with his family at Toxaway, a lake resort in the mountains of North Carolina, was introduced to a young widow from Georgia and promptly wrote to his brother: "I have met the most beautiful woman in the world." This was Mrs. Nanaline Holt Inman whose husband, Walter

Inman, a cotton merchant of Atlanta, had died two years before, leaving her with a nine-year-old son and a modest competence. In her native town of Macon, Georgia, Mrs. Inman's beauty was legendary. Her features were Grecian, delicately modeled, her hair dark and glossy, her eyes gray and limpid behind long lashes. After the death of her father, a lawyer, she and her mother and sister had known poverty and struggle. The mother took boarders and at the same time made party dresses for wealthier neighbors. Nanaline and her sister used to deliver the gowns and, before doing so, would try them on. In this way, Nanaline developed a love for fine clothes and a distaste for poverty which never left her. Not long after came a ball which the lovely girl was to attend in a dress made expressly for her and where Walter Inman first saw her. The marriage followed quickly and was to last a dozen years. Now Mrs. Inman lived in a comfortable home in Atlanta and made frequent trips to New York and elsewhere. Gossip soon linked her name with those of several well-known men, particularly that of Henry T. Sloane who had been through a *cause célèbre* with the lady who died as Mrs. Perry Belmont.

Not many months passed before J. B. Duke met "the most beautiful woman in the world" and from then on he thoroughly endorsed his brother's opinion. Soon Mrs. Inman, chaperoned by her mother, moved into a suite at the Hotel Webster in New York, and

she and Duke were seen together constantly. Rumors of their engagement crept into print. Duke had no comment, but early in 1907 he bought the Henry H. Cook property at Fifth Avenue and 78th Street for \$1,600,000 and began erecting a white Georgian mansion finer even than the near-by houses of H. H. Rogers and Harry Payne Whitney.

About this time Duke's divorced wife, Mrs. Lillian Duke, appealed to the Federal authorities to protect her from scurrilous and abusive letters which began pouring into her apartment at the Hotel Ansonia. Some of these anonymous assaults, mailed from several points, contained newspaper photographs of Mrs. Inman, Duke's reputed fiancée, with such comments as: "Don't you wish you were as pretty as this, eh, Wrinkles?" and "See who will get all you missed." Mrs. Duke also asserted that detectives were keeping her under constant surveillance.

In the midst of these mystifying disturbances, Duke and Mrs. Inman motored across the Brooklyn Bridge on the afternoon of July 23, 1907, and were married in a simple unannounced ceremony at the home of Mrs. William Schuyler Stackpole, a friend of the bride, 210 St. John's Place, Brooklyn. Dr. David J. Burrell, pastor of the Marble Collegiate Church, Fifth Avenue and 29th Street, New York, officiated. Besides Mrs. Stackpole, Mrs. William Holt, mother of the bride, and Walker Patterson Inman, the twelve-year-old son,

were present; also a small group of Duke's business associates: John B. Cobb, Junius Parker, Robert B. Dula, Percival S. Hill, Williamson W. Fuller and William R. Harris.

Soon Nanaline Duke witnessed an incident revealing the character of the man she had married.

Returning to Somerville from a motor trip, the Dukes were surprised to find that work had ceased upon an extension of the mansion which Duke had ordered rushed to completion. Seventeen union bricklayers had laid down their tools because the contractor, in an effort to hustle the job, had pressed into service a number of non-union hodcarriers. All parties in the dispute were Italians and a gesticulating war of words was under way as Duke and his bride drove up.

"What's this all about?" demanded Buck. "Why ain't these fellows working? Lord knows, I pay 'em enough."

The contractor explained his dilemma, saying the bricklayers had threatened to assault the non-union workmen. Red-faced and angry, Duke stomped to the telephone and called the police. In a few minutes the Black Maria arrived from Somerville and the seventeen union men were bundled off to the County jail, charged with violating the peace. They were released in a few hours and next day returned to work, beaten for the time being.

Soon Duke was to be involved in a clash of far greater import than a local bricklayers' brawl.

For, in the same month in which he had decided to risk matrimony again, the Government of the United States sued to dissolve his mammoth tobacco combination as a monopoly in restraint of trade.

Chapter XI

The Storm Breaks

UNDER EXPLOSIVE THEODORE ROOSEVELT, the United States Government's prosecution of Buck Duke's super-colossal Tobacco Combination started out like a salvo of artillery. It ended, in the amiable administration of Mr. Taft, like a wet safety match. In between there were four years of bitter litigation, millions of words of testimony, charges, counter-charges, recrimination. At last the United States Supreme Court held the tobacco monopoly guilty of violating the anti-trust laws and ordered its dissolution and a restoration of free competition. Then, in all the wide land, only one man could be found with sufficient ingenuity to carry out the court's decree. Consequently,

as a sort of ironic finale to the whole show, Duke was called upon to unscramble his own omelette. So admirably did he succeed that the vast industry operates today substantially under the plan he evolved. Further, each of the four Duke-designated main off-shoots of the old Trust is a bigger money maker than the parent company ever was.

The dissolution suit pictured the Tobacco Combination as a vast pyramid controlling approximately four-fifths of every form of manufactured tobacco with the single exception of the highly individualized cigar trade. Operating under its original name re-assumed, as we have seen, in 1904, the American Tobacco Company topped the pyramid. Below were three great subsidiary combinations, each in itself a merger of many companies: American Snuff, American Cigar and the British-American Company. There were, in addition, eighty-two other subsidiary concerns in the United States, Cuba and Puerto Rico. Among them were plants manufacturing everything from briar pipes and licorice paste to insecticides and fertilizers, as well as tin foil, bags and boxes, machinery. The Trust even owned the concern that did its bill posting. Total net capitalization (excluding intercorporate holdings) was \$316,000,000. Duke and nine other stockholders, the Government asserted, held 60 percent of the outstanding voting stock of the American Tobacco Company, through which the entire

Combination was controlled. Named as defendants were sixty-five American corporations, including the United Cigar Stores Company, two English corporations—British-American and Imperial—and twenty-nine individuals, among them J. B. and B. N. Duke, Oliver H. Payne, Thomas F. Ryan, Anthony N. Brady, Pierre Lorillard, George Arents, Grant B. Schley and Williamson W. Fuller.

Duke himself was his own star witness. Propped up on pillows in his Fifth Avenue home, recovering from an illness, he testified for three days in late February, 1908, and seemed to enjoy the experience. In blunt, salty language, he denied charges of coercion and unfair trade practices. From the depths of a prodigious memory, unaided by memoranda or by a battery of zealous attorneys, he had a ready explanation for every one of his business deals. His purpose in buying or absorbing scores of rival companies and individual manufacturers, he insisted, was not to destroy competition but to “round out our business,” “get our fair share of the trade,” acquire a machine, a brand or a man, or, more often, merely to “make some money.” Said the tobacco man:

“I never bought any business with the idea of eliminating competition; it was always the idea of an investment except probably in that one case of the Union Tobacco Company and in that case we had an idea of

getting in with ourselves a lot of rich financial people to help finance our properties."

The witness admitted that many companies brought under Trust domination had continued to operate under their established trade names, with secrecy maintained as to their true ownership. This he said was done at the request of the former owners who continued to run the business as his managers, explaining:

"I thought it was foolishness but they thought different. So I just said go ahead and run the business any way you like so you make profits; that's all I care." If the real ownership had been openly acknowledged, Duke said with a chuckle, his own department heads would have worked harder "because they'd know I'd get all the returns and they'd work to feather their own cap."

"Did you ever misrepresent stock ownership?"

"No, never to a soul. People have asked questions about things and I told them it is none of their business, but as far as denying it I wouldn't deny it for the business."

"Were any of these companies bought out as a result of threats as to what would happen to them if they didn't sell to American Tobacco?"

"No; none that I ever had anything to do with. What anybody else said about it I don't know, but I don't believe they did. I was not present in all cases where negotiations were in progress."

Duke scouted charges that the Trust had systematically depressed the price of leaf tobacco and brought privation to the farmers. He insisted the law of supply and demand governed, adding:

"Where they raise tobacco they can raise other things. And if you don't pay the farmer enough to raise tobacco then he'll quit raising it. In the end you have to pay him more to get him back at planting tobacco."

The success of the American Tobacco Company Duke ascribed to its push, advertising and drive.

"We happen to have more of the brands that please the people and consequently we sell more tobacco," was his simple explanation.

Just give the consumer what he wants, remarked the witness, satisfy his personal taste, and he'll pay your price. He told with relish how his own taste had been formed in boyhood by learning to chew moldy tobacco, as we have recounted, and how he later applied the lesson to advantage.

"For years," explained Buck, "I tried to get damaged tobacco to chew. Afterward we had this brand Honest Long Cut and built a trade on it of five million pounds a year. There was a large amount of what they called Green River Tobacco held by speculators in New York and a good part of it was damaged and we used to go and buy that up and work it in as Honest Long Cut. We built the business up with this damaged tobacco and actually paid more for it than we did for

sound tobacco. When this damaged tobacco was gone and we had to put sound tobacco again in Honest Long Cut”—he sighed—“we commenced to lose trade in it right away.”

Duke defended his invasion of England and the contracts signed with the British. However, he disavowed any further interest in the English domestic market.

Q. You are put down as one of the directors of the Imperial Tobacco Company. Did you ever attend a meeting?

A. No, sir.

Q. Do you know anything about their proceedings?

A. No, sir. I was put on the board merely as a compliment to us because we held a large amount of stock. Didn't expect to direct and don't direct.

Q. Do you own any stock of the Imperial Tobacco Company?

A. I do not.

There was no cross-examination, for special government prosecutor James C. McReynolds, a tenacious, coldly logical legal gentleman from Tennessee, made no attempt to conceal the fact that he was laying the groundwork for criminal prosecution.

After a prolonged and bitter skirmish, McReynolds succeeded in subpoening some, not all, of the Trust's confidential-letter books. Duke's dossier was as bare as Mother Hubbard's cupboard. This wily gentleman

always cautiously refrained from putting things on paper. However, clandestine correspondence of a most revealing nature tumbled from the letter books of vice presidents Percival S. Hill and Caleb C. Dula, he who had snooped for Duke in the divorce case. These officials, it appeared, headed a countrywide spy system, operated with all the ruthless efficiency of a dictator's secret service. This organization had but one purpose: the crushing of competition. To this end, it used hidden rebates, allowances and "insides." In all parts of the country it employed "bushwackers" or phony independents, such as Nall & Williams of Louisville, Kentucky, and Wells-Whitehead of Wilson, North Carolina (both secretly owned by the Trust), to launch price wars and cut the throats of real independents. McReynolds exposed a score of these corporate wolves in sheep's clothing. Most of them manufactured under the prized Blue Label of the International Tobacco Workers' Union and resorted to every dodge to retain the label.

The Trust overlords used aliases, private post-office boxes and blank paper and envelopes in their undercover activities. For instance, when one Augustus Craft was furnished with funds to set up in business in New Orleans as the Craft Tobacco Company in competition with the independent People's Tobacco Company, he was instructed to address his reports to "D. C. Williams, P. O. Box 70, Madison Square Sta-

tion, New York City." His own postal *nom de guerre* was "Mrs. Elvina Gustine, Box 1255, New Orleans, La." Such of the Craft-Hill-Dula correspondence as McReynolds was able to get hold of revealed an almost incredible state of affairs.

Craft to Dula, May 1, 1903: As soon as the "Craft Tobacco Company" is ready for business, I will not only draw from the People's their principal force but will endeavor to cause a strike in their factory.

Craft to Hill, May 21, 1903: I have the head engineer and foreman of People's Tobacco Company now with me and expect to draw most of my labor supply from the People's.

That same month, Vice-President Hill wrote to Herman Heyneman, his confidential man in San Francisco:

May 9, 1903: We have completed arrangements with the Gold Crumb people and it will not now be necessary for us to take any action relative to their product. This is a very confidential proposition and we desire to have it run along without any information or suspicion that we are connected with it in any way. This is absolutely necessary on account of the Union Label as you will readily understand.

At the same time, Caleb Dula was directing a camouflaged anti-Trust, pro-Union Labor sales campaign for the secret Trust stooge, Nall & Williams:

Dula to Nall & Williams, March 11, 1903:

Samples of Arrow Head referred to in your favor of 8th inst. came to hand this morning. I have examined them very carefully and am much pleased both with the appearance and the chew. The filler and sweet certainly both show up well. It is a tough, pleasant chew and if the people really want a good piece of Anti-Trust, Union Made Tobacco, I certainly think you have it. I think you should direct your efforts particularly in the territories where the Detroit and other Louisville manufacturers have some business. A 3 by 12 five-space piece as good as Arrow Head should knock Martin's Navy in St. Louis into a cocked hat.

Dula to Nall & Williams, July 6, 1903:

. . . As regards profits, while I would like you to show as much as possible, my idea is that you should not make money at the expense of trade, providing, of course, that you are getting this business from certain people.

Dula to Nall & Williams, October 12, 1903:

Mr. E. S. Edwards has just returned from a little trip in the Southwest and reports a growing demand for Union Label goods in certain large coal companies near Fort Smith, Arkansas. I think it would be well for you to offer to sell direct to Jenny Lind Coal Company and the Bonanza Coal Company whose purchasing point is either in or near Fort Smith. Your Arkansas man would very likely know where to reach them. I am informed that

there are several other coal companies right in this section whose consumers are demanding Union-made goods, which trade is now going to Strater Brothers. You can probably get all their business by selling them direct.

In Wilson, North Carolina, the secret Trust subsidiary, Wells-Whitehead Tobacco Company, made cigarettes in competition with the Ware-Kramer Company, one of the few remaining genuine independents in the cigarette field. A year after British-American had taken over American Tobacco's export trade, Hill wrote to W. M. Carter of Wells-Whitehead:

Dear Sir: We have been advised that a carload of cigarettes has been exported to China by the Ware-Kramer Tobacco Company. If possible I wish you would ascertain to what port these goods were shipped and the name of the consignee. If you cannot learn the name, perhaps you can find out the markings on the cases, as well as the point in this country from which the goods were shipped by steamer. Yours very truly,

P. S. H.

[Added in handwriting] A carload means to us about five million cigarettes. If we get this information, I think we can shut off their market.

On the stand, Hill was asked:

"You wrote and sent out this letter?"

"Yes. We were interested in the British-American and any information we can give them we are going to

do it. We are hired to look after our business, and that is what we are going to do if we can."

"Did you succeed in shutting off this market?"

"I don't know anything more about it."

Hill testified that American Tobacco never concealed its ownership of the United Cigar Stores Company.

"It never was denied or concealed; it simply was not made public," said the executive vice president of the Trust.

Mr. McReynolds thereupon produced a letter which the witness wrote on September 29, 1902 (ten months after control was acquired) to Frederick Estabrook of Estabrook & Eaton, wholesale and retail tobacconists of Boston:

Dear Sir: We are hearing a good deal here about the United Cigar Stores Company opening up in Boston, and I also understand that your firm proposes extending your retail business. I will be very glad if such proves to be the case, as I would be very much pleased if your firm were to become even more influential than it is at present, in a retail way, as a protection against this new company in Boston.

We have no reason to doubt the good feeling of the United Cigar Stores towards us, but it will be a source of much gratification to us to know that your firm, in which we have every confidence, is in a strong trade position. Of course all rumors to the effect that our company is

back of the United Cigar Stores Company are entirely without foundation, as we have no financial interest whatever in that company.

Yours very truly,
Percival S. Hill, First Vice President

"Was it common to make such denials?" asked Mr. McReynolds.

"That is the only thing of the kind I know of," replied the witness, without batting an eye.

A few weeks after his letter to the Boston dealer, Hill was writing to Duke in London:

My dear Mr. Duke:

As you have been advised, the United Cigar Stores Company have stirred up considerable feeling of sentiment, particularly in Chicago, and the retailers of Chicago are exerting themselves to get up a feeling of antagonism against our products in their section of the country. However, I believe this will only be temporary and the feeling will shortly die out and render very little if any damage to our tobacco business. A close watch of the sale of our products in Chicago shows that our business there is increasing, and sales are fully up to those of the last four or five months. Some of our people here seem to feel considerably exercised over the situation, but I think it only wants to be watched, and I see nothing which indicates our suffering any disadvantage. Unfortunately the newspapers took the matter up, but now that election is over I am inclined to think this agitation on their part will subside, as well.

The United Cigar Stores Company for the month of September shows a net profit of \$9,100. Their sales for October amounted to \$202,302.04 as compared with \$170,960.72 for September. Seven additional stores were in operation in October for a period averaging from three to twenty-seven days. The aggregate sales of these seven stores was \$11,585. Up to the present time there has been invested \$730,000. Acting on the advice of our different people here we have instructed these stores not to open up in other localities than those in which they are now located, but to push ahead their New York, Chicago and Kansas City propositions as rapidly as possible.

Very truly yours,

Percival S. Hill

Another letter reveals the jealous guardianship the Trust exercised over United. Under date of March 7, 1903, Hill wrote George J. Whelan, president of the United Cigar Stores Company:

Dear Sir: My attention has been called to the disposition on the part of some of your employees at certain of your stores to further the sale of goods competing with similar goods of our manufacture.

You will remember that when you undertook your enterprise you distinctly agreed with us that in view of our not antagonizing your proposition you would always further, so far as you possibly could, the sale of our products: in fact, we stated to you that unless this was done we could consider it to our interest to hamper your enterprise in every way we could, but if you would give our prod-

ucts preference we could not see any reason for interfering with your intention of engaging in a large way in the retail cigar and tobacco business if you thought it a good commercial proposition.

The complaint we make we will be glad to have you take up and correct; not only because it is in accordance with your agreement, but also because we will be obliged to protect our interests as we may see proper, unless our products receive the benefit of the co-operation of your company.

Store No. 354 Sixth Avenue. A customer upon asking for a 10-cent package of pipe-smoking cut plug had "Mastiff" recommended.

Store No. 217 Park Row. A customer asked for a 15-cent package of small cigars, and "Burns Petit Duc" was recommended.

Store No. 601 Broadway. Upon asking for a 15-cent little cigar "Royal Bengals" were recommended, but upon handing it to the customer the coupon was taken out. The coupons are intended for the consumer and the customer should have received it with his package.

In the Flat Iron Building. Upon asking for cut plug for a pipe, a 10-cent package of "Dill's Best" was handed out.

At the Hoffman House. Upon asking for a good 10-cent cigar, "Seed Havana Burns" was recommended.

Store No. 1209 Broadway. When good pipe tobacco was requested for 10 cents "Dill's Best" was recommended.

Sixth Avenue and 42nd Street. Upon asking for a 15-

cent package of little cigars "Burns Petit Duc" was recommended.

As above requested, we will be glad to have you take this complaint up.

Very truly yours,

Percival S. Hill

Hill said that all the brands named, with the exception of Royal Bengals, were made by outside manufacturers and "it seemed wrong for our own people not to recommend our goods."

Equally close watch was maintained over other firms in which the Trust had acquired an interest; as instanced by this note of warning, July 8, 1903, from Vice President Hill to President J. H. Luce, of the firm of Acker, Merrall & Condit:

Dear Sir: I would like to call your attention in confidence to deliveries to your 42nd Street Store of Silko cigarettes. As this is a brand for which there cannot possibly be any demand, I cannot understand why in the world they should be purchased. I merely write this in order that you may make such inquiries as you think proper in order to ascertain if this delivery has not been made. I know the amount is small, but "large oaks from little acorns grow."

More than a hint that the Trust spy system had run a pipeline into the offices of rival manufacturers is contained in the following letter from Hill to I. T. Stewart, Rochester, N. Y.:

Dear Sir: We understand that 15,000 Sovereign cigarettes and 5,000 St. Ledgers were shipped to Messrs. H. L. Conway & Brothers, Rochester, N. Y., yesterday, July 7, 1903. For several reasons we would like to ascertain if this information is correct. I will advise you from time to time as to the different individuals who are receiving these goods in order that you may take such action with reference to our allotment as may cause a discontinuance of the purchase of these goods. It is most important that this matter shall be watched closely and that we receive prompt replies to the memorandums we will send you. This is the first and I expect to send them daily hereafter. Please regard this letter as strictly confidential and *return it* to me. On no account let anyone else know you are receiving this information.

"Who was I. T. Stewart of Rochester, New York?" Hill was asked.

"He was a salesman representing us in that market."

"Whose cigarettes were Sovereigns?"

"They were manufactured either by Butler & Butler or their predecessors."

"Whose cigarettes were the St. Ledgers?"

"The same."

"How did you probably get the information about those cigarettes being sent to Conway & Brothers at Rochester?"

"I really couldn't recall. I couldn't imagine."

Similar letters, displaying exact knowledge of ship-

ments made by rivals, were sent to Trust agents all over the country. To his Baltimore man Hill wrote July 11, 1903:

On July 8th there was shipped to J. Josty, Jr., 15,000 Sovereign little cigars, 10,000 cigarettes. Wm. Deiches & Co. 15,000 little cigars. You should see to it that Mr. Deiches puts these goods up in the loft and does not sell them. F. A. Davis & Son: 10,000 cigarettes. We did not understand that Mr. Davis was to sell any cigarettes; only little cigars. J. O. Bright, 5,000 cigarettes. C. F. Chappelle, 25,000 little cigars. July 9th, I. Cordish & Co., 25,000 little cigars. Please return this letter to me after perusal.

And to his representative in Texas, Hill wrote July 15, 1903:

I notice that Messrs. Carson, Sewell & Co. of Bryan, Texas, purchased 50,000 Sovereign little cigars. How do you account for this?

The following letter, dated December 21, 1904, furnishes a revealing sidelight upon the devious dealings of the Trust. Hill transmits orders to an "independent" manufacturer—Galbraith of the Queen City Tobacco Company in Cincinnati—through his agent, J. L. Richards, in Boston:

Dear Sir: I hand you herewith the letters you forwarded to Mr. Dula. I think you should advise Mr. Galbraith that, commencing January 1, 1905, we wish the business so handled that the net sheets will not show loss

in excess of three cents per pound. This, in connection with the two cents per pound we are paying on his output, will enable him to undersell his competitors by five cents per pound; or if not undersell them, expend that amount of money in competition. We would not expect this loss to continue for more than three months. Inasmuch as we cannot come in contact with Mr. Galbraith in these matters we can only indicate to him through you, the limit we would like him to work under, and we trust you will advise him to this effect.

Evidence that relations were not always harmonious between the American and British tobacco combinations is contained in the following communication from Hill to the Imperial Tobacco Company, Ltd., London, England, under date of January 13, 1905:

Gentlemen: Under the contract of September 27, 1902 to which Ogden's Limited is party of the first part, the American Tobacco Company party of the second part, and you party of the seventh part, there is a provision that you shall not after transfer day provided in said contract, to wit, September 30, 1902, except as therein expressly provided, either solely or jointly with any other person or persons, company or companies, directly or indirectly carry on or be employed, engaged, concerned or interested in the business in the United States of a tobacco manufacturer, or in any dealing in tobacco or its products therein, save so far as you may be so interested by virtue of membership in a company formed or to be formed by the concurrence of the American Tobacco Company and

others, and save and except that you shall be at liberty to buy and treat tobacco leaf and other materials in the United States for the purpose of your business, and save and except such business as shall be carried on through the American Tobacco Company, etc.

We have information that there have been violations of this contract in this respect frequently, almost from the date of the execution of the contract, by sale by you in the United States of leaf tobacco, scrap tobacco and stem products of tobacco.

We desire to call this to your attention, and to ask that there be no further violation and that you kindly report to us past violations, with full details thereof, to the end that there may be settlement with respect to profits arising therefrom, or such other adjustment, if possible, that may be agreed upon.

Hill admitted that the Trust sold to some jobbers at list prices less 2 percent discount, "with an allowance of 5 percent."

"What do you mean by an allowance as distinguished from a discount?"

"We make various allowances to companies that handle our goods, encourage the sale of our products and see that retail customers are supplied readily."

In the past, the witness also admitted, American Tobacco had sought to prevent affiliated jobbers and wholesalers from handling the goods of competitors; but this practice, he insisted, had been abandoned.

Now, asserted Duke's right-hand man, the Trust would not for a moment consider attempting to boycott its rivals. As proof of virtue, defense counsel produced a letter written by Hill as recently as February 2, 1907—a date coinciding with persistent public demands for the prosecution of the Tobacco Trust.

This letter, with its distinct legal tinge, follows:

Mr. Herman Heyneman,
916 Franklin Street,
Oakland, Cal.

Dear Sir:

We have been told, whether accurately or not, that you have notified some individual jobber in your territory that if he bought goods of a certain manufacturer, he would be cut off from your list of customers. It is unnecessary for us to specify the name of this manufacturer or the name of the jobber, and it is unnecessary for you to either admit or deny the statement that has been made to us. Our only desire, without reference to this particular case and without commending or condemning your action therein, is to outline definitely our policy with respect to the future.

We recognize that you handle our products in your territory, and that you are, in a sense, a commission merchant, and that we are technically perhaps not responsible for what you may do in handling them. In a broader sense, however, and perhaps as would be held by the courts, we are responsible. It is a pleasure for us to know that you are

generally recognized as a representative of the American Tobacco Company on the Pacific Coast. The difference in the details of the arrangement that exists between you and ourselves, and those that exist between ourselves and our ordinary representatives in other sections of the country, do not change the fact that the Departments at Washington and public opinion generally would give us credit for action on your part that was creditable, and would hold us responsible for action on your part that was illegal or subject to other criticism. There should be uniformity between the methods by which our goods are distributed in the various sections of the country, including the Pacific Coast. More than a year ago we adopted, and have since lived up to the policy of not requiring any customer of ours to refrain from handling goods of our competitors. The law may not require this, but it is our well-established policy; and it should and must obtain on the Pacific Coast as well as elsewhere. There should not only be no formal requirement to this effect, but there should be no informal or implied requirement tantamount to it. Of course, we appreciate friendliness on the part of our customers, and friendliness involves the distribution of as many of our goods as possible, and a larger volume of our goods naturally diminishes the volume of our competitors' goods distributed by a given house. These facts, though, do not change in the least our policy, which is to permit our customer to distribute the goods of anyone, without paying any penalty to us, and without the necessity of apprehending that he will not get fair and liberal treatment from us;

this leaves us to rely on our uniform liberal treatment and the superiority of our goods for the merchant's activity in distribution.

We are not writing this as a formal letter with a view to putting ourselves on record, but we desire to impress upon you the necessity of consistency in our policy throughout the country. We recognize that any deviation that you may have made from this policy has, up to the present, not been your fault, but rather ours, because we have not sufficiently called the matter to your attention before, relying, as we have done, upon your ability in the distribution of our goods, and your general knowledge of what is our policy.

Yours very truly,

Percival S. Hill, Vice-President

The tender manner in which the Trust treated the rambunctious R. J. Reynolds shines through the following letter of January 17, 1905, from C. C. Dula to Reynolds:

Dear Sir: Replying to your letter of the 13th inst., which I have given careful consideration, we will be entirely satisfied for you to purchase the business of W. P. Pickett & Co. of High Point, at such price as you are willing to pay.

Another Dula letter, dated March 3, 1905, and marked "Private," was addressed to "Mr. William Luhman, assistant auditor, American Tobacco Company Building" and read as follows:

Dear Sir:

I am arranging, as you know, some special insides on plug tobacco and cigars, of which I will advise you from time to time, and I desire the matter kept strictly confidential, even so far as the heads of Departments are concerned. Please enter the following, effective on dates specified for each—

J. & B. Moos, Chicago, Ill. Effective Jan. 1, 1905, 1 percent on plug tobacco and 50c. per thousand on all Cremo and Lillian Russell cigars shipped to other customers in Chicago.

John T. Woodhouse, Detroit, Mich. Effective Jan. 1, 1905, 50c. per thousand on all Cremo cigars shipped to other customers in the State of Michigan.

Reid, Murdoch & Co., Chicago, Ill. One percent (1%) on plug tobacco, effective on date former allowance was discontinued.

Milliken, Tomlinson Co., Portland, Me. One percent (1%) on plug tobacco effective Jan. 1, 1905.

M. Ferst's Sons & Co., Savannah, Ga. Two percent (2%) on plug tobacco and Cremo cigars, effective January 1, 1905.

Beerbaum Co., Milwaukee, Wis. One percent (1%) on plug tobacco and 3 percent on Cremo cigars. (Send check to Max Leidersdorf.)

Steel-Wedeles Co., Chicago, Ill. One percent (1%) on plug tobacco, effective February 1, 1905.

Schwabacher Bros., Seattle, Wash. Two percent (2%) on plug tobacco and Cremo cigars, effective Jan. 1, 1905.

Rosenfeld, Smith Co., Portland, Oregon. Two percent (2%) on plug tobacco, effective Jan. 1, 1905.

McCord, Collins Co., Ft. Worth, Texas; McCord, Brady Co., Omaha, Neb.; Nave, McCord Mercantile Co., St. Joseph, Mo.; Roberts, Parker Mercantile Co., St. Joseph, Mo.; and McCord, Chapman, Greer Co., Pueblo, Col. Five percent (5%) on Cremo cigars, effective January 1, 1905.

Reid Tobacco Co., of Milton and Altoona, Pa. Two percent (2%) on plug tobacco, effective March 1, 1905.

Metropolitan Tobacco Co., New York City. Two percent (2%) on Cremo cigars, effective Jan. 1, 1905, to be paid on July 1st, providing they reach their allotment.

Sprague, Warner & Co., Chicago, Ill. Two percent (2%) on Cremo cigars, effective Jan. 1, 1905.

Florida Cigar & Tobacco Co., Jacksonville, Fla. Five percent (5%) on its own purchases of Cremo cigars and 2½ percent on the purchases of Cremo cigars by other jobbers in the State of Florida. Two percent (2%) on its own purchases of plug tobacco. Effective from the date the Florida Cigar & Tobacco Co. makes its first purchase.

A slight shift in the mechanics of the espionage system is noted in a Dula communication of July 16, 1907, addressed to F. E. Phillips of the secretly owned Nashville Tobacco Works, Nashville, Tennessee:

Dear Sir:

Please discontinue sending all mail to P. O. Box 70, as heretofore, and address your communications either to Mr. Schroeder or myself, as the case may be, sending all

financial reports to him and continue to send me here all reports applying to the sales end of the business. I will continue to write you as heretofore, using plain envelope and paper, and you may do likewise. Kindly acknowledge receipt of this letter.

As time went on, the Trust evidently became a bit sensitive as to possible legal complications growing out of its sub-rosa holdings in other concerns. Under date of October 30, 1907, Dula wrote duplicate letters, marked "Personal," to "independent" manufacturers John Middleton and M. C. Patterson in Kentucky and Virginia, respectively:

Dear Sir:

You have probably received specifications from the Government for supplying the Navy with 100,000 lbs. of tobacco. We expect to put in bids for this business, and there being a provision which prevents one manufacturer from being interested in more bids than those allotted to each, I will request of you, in order to avoid any possible complication, that you do not put in any bid for this business. While I have no idea that you will put in any bid for this business, I have thought it best to write to you on the subject.

After an indeterminate and unsatisfactory decision by the lower courts, in the anti-trust suit, both sides appealed to the United States Supreme Court. Here, at intervals of a year, the case was twice argued. On May 29, 1911, the high tribunal, in a sweeping and

caustic decision, held the Tobacco Combination and its architects guilty as charged.

“The Combination in and of itself, as well as each and all of the elements composing it, whether corporate or individual, whether considered collectively or separately, is in restraint of trade and an attempt to monopolize, and a monopolization within the first and second sections of the Anti-Trust Act. Undisputed facts overwhelmingly demonstrate that the acts, contracts, agreements, combinations etc., which were assailed were of such an unusual and wrongful character as to bring them within the prohibitions of the law. The history of the Combination is replete with the doings of acts which it was the obvious purpose of the statute to forbid . . . demonstrative from the beginning of a purpose to acquire dominion and control of the tobacco trade, not by the mere exercise of the ordinary right to contract and to trade, but by methods devised in order to monopolize the trade by driving competitors out of business, which was ruthlessly carried out upon the assumption that to work upon the fears or play upon the cupidity of competitors would make success possible.”

The Tobacco Trust decision was handed down at the close of a busy day. It was about 4:30 o'clock when Chief Justice White began reading his opinion, and it was almost six o'clock before he had finished. The court room was crowded with Senators and Repre-

sentatives, government officials and eminent lawyers, and the Capitol corridors were thronged with people who were vainly seeking admission to the court room. The scenes of interest about the entrance to the Supreme Court chamber had not been equalled in years.

The Court held that the Trust's wrongful purpose and illegal acts were overwhelmingly established by these considerations:

(A) By the fact that the very first organization or combination was impelled by a previously fiercely existing trade war, evidently inspired by one or more of the minds which brought about and became parties to the combination.

(B) Immediately after the combination and the increase of capital which followed, the acts which ensued justify the inference that the intent existed to use the power of the combination as a vantage ground to further monopolize the trade in tobacco by means of trade contracts designed to injure others, either by driving competitors out of business or compelling them to become partners to a combination—a purpose whose execution was illustrated by the plug war which ensued and its results, by the snuff war which followed and its results and by the conflict which immediately followed the entry of the Combination in England and the division of the world's business in the two foreign contracts which ensued.

(C) By the ever-present manifestation which is exhibited of a conscious wrongdoing by the form in which the various transactions were embodied from the begin-

ning, ever changing but ever in substance the same. Now the organization of a new company, now the control by the taking of stock in one or another or in several so as to obscure the result actually attained, nevertheless uniform in their manifestations of the purpose to restrain others and to monopolize and retain power in the hands of the few, who, it would seem, from the beginning, contemplated the mastery of the trade which practically followed.

(D) By the gradual absorption of control of all the elements essential to the successful manufacture of tobacco products, and placing such control in the hands of seemingly independent corporations serving as perpetual barriers to the entry of others into the tobacco trade.

(E) By persistent expenditure of millions upon millions of dollars in buying out plants, not for the purpose of utilizing them, but in order to close them up and render them useless for the purpose of trade.

(F) By the constantly recurring stipulations whose legality, isolatedly viewed, we are not considering, by which numbers of persons, whether manufacturers, stockholders or employees, were required to bind themselves, generally for long periods, not to compete in the future.

Proceeding to the remedy, the Court ordered that the American Tobacco Company be dissolved in such a manner that competition should be restored among the giant units composing it. The exact *modus operandi* was to be worked out by the Circuit Court of Appeals in New York which was directed to "hear the parties by evidence or otherwise as it may deem proper, for

the purpose of ascertaining and determining upon some plan or method of dissolving the combination and re-creating out of the elements now composing it a new condition which shall be honestly in harmony with, and not repugnant to, the law, but without unnecessary injury to the public or the rights of property." If a satisfactory plan could not be developed within six months, the lower court was empowered to appoint receivers.

For a long time, after receiving telephonic word of the decision, Duke sat at his desk in silence tearing up slips of paper and letting them flutter, unheeded, to the floor. Opposite still hung the prized photograph of his father and the weatherbeaten log cabin in which he and his brother had helped flail out their first batch of tobacco a half century before. Gazing at the picture of the tiny "factory" where he had launched his extraordinary career, the big man at the desk growled bitterly: "In England, if a fellow had built up a whale of a business outa that, he'd be knighted. Here they want to put him in jail."

The mood passed. There was work to be done, hard work, and he was the man who had to do it, lest the great structure he had erected be permitted to crumble into dust.

Soon he was surrounded by lawyers and auditors and ledgers and sheaves of papers. All that summer and fall there were meetings among the Judges of the

Court of Appeals, government officials, stock and bond holders' committees and their attorneys, and Duke. Before long it was evident that only the man who had conceived and built up the monumental tobacco combination knew enough about its workings to direct its constructive partitioning. Only he knew to the penny the value of trade marks and brands, the capacity and capabilities of every plant and of every man, trade conditions and outlook in all parts of the country, future potentialities of each grade and type of tobacco.

First, Duke drew up a general plan for competitive operation: the American Tobacco Company was to be continued after divesting it of two-thirds of its plants and brands. These were to be distributed between two corporations, new yet bearing old names—the Liggett & Myers Company and the P. Lorillard Company. American Tobacco would relinquish stock control of many important concerns, including United Cigar and the R. J. Reynolds Company, which was to be returned to its former owner.

“Now watch me give Buck Duke hell!” gleefully exclaimed bearded Dick Reynolds in Winston-Salem, North Carolina, when he heard the news—and he did a few years later with his fabulous-selling cigarette, Camel.

With the tremendous amount of detail necessary to the new alignment accomplished, Duke turned to a knottier problem. This concerned the new financial

set-up. American Tobacco, in addition to \$78,000,000 in non-callable preferred and \$40,000,000 in common stock, had over \$100,000,000 in long-term bonds outstanding. Security for these bonds rested largely in the very property which was now being transferred to the new competing companies. Duke suggested that Liggett & Myers and Lorillard issue and pay into the American's treasury first priority bonds equal to the value of the property transferred. The Government objected on the ground that this procedure would give American Tobacco the same old financial stranglehold over the new companies.

There were weeks of stalemate. Then, lying in bed one night, Duke got an inspiration: why could not the new companies issue their own bonds of practically the same classes as American Tobacco's bonds, similarly secured, and exchange them for American's bonds, held by the public, together with a certain amount of American's preferred stock? The new bonds would bear slightly higher rates of interest. To call in the necessary amount of American Tobacco bonds and preferred stock, Duke would employ his favorite bonus scheme, offering owners prices well above the market. The plan was adopted, and worked like a charm.

When the dissolution arrangement was made public in its entirety and it became known that Duke was the originator, a storm of criticism broke from the ranks

of the liberals and the farmers. Special Prosecutor McReynolds refused to sign the consent decree, holding that Duke remained the real dictator of tobacco, that no genuine competition would ensue, that the farmers would remain helpless in the coils of the new multi-headed combination. However, McReynolds was overruled by Attorney General Wickersham, with the approval of President Taft.

In the tobacco-growing states the farmers fumed. Kentucky planters even talked of resuming night-riding raids upon warehouses owned by the Trust. In North Carolina, Josephus Daniels' *News and Observer*, which for years had referred to the state's famous son as *Buckaneer Duke*, now added a new coinage: *Wickersham*. The 1912 national Democratic platform, upon which Woodrow Wilson swept to victory, condemned the Taft-Wickersham compromise and their failure to initiate criminal prosecution after the Supreme Court had flatly declared that Duke and his associates "from the undisputed facts in the record had violated the criminal provisions of the Anti-Trust Law."

Incidentally, the rebellious McReynolds, on the strength of his stand in the tobacco case, became Attorney-General in the Wilson Cabinet. This is revealed, in his autobiography, by Josephus Daniels, who served in the same Cabinet as Secretary of the Navy.

According to Daniels, Wilson, who had been de-

nouncing fake prosecutions of trusts, had never heard of McReynolds until he read in the papers of the Tennessee man's insistence upon attempting to penalize Duke, Ryan, Payne, Brady and the others who had been found guilty with them.

However, after his appointment to the Cabinet, Mr. Daniels observes, McReynolds' zeal against the bold, bad trusts quickly evaporated:

I tried to induce him to take steps to see that the created tobacco organizations did not fully monopolize the tobacco business of the country. He saw no way to do it. He thought that until some overt act showing conspiracy to recreate the monopoly could be established, it would be futile to proceed against them. When he was appointed I thought he was a real liberal devoted to Wilson's progressive New Freedom. I was to find with genuine regret that he was an ultra-conservative and a black-letter lawyer governed by precedent.

McReynolds' decisions during his subsequent service on the United States Supreme Court bench would seem to confirm Daniels' judgment.

As for Buck Duke, another chapter in his life had closed.

Other chapters were to be equally eventful.

Chapter XII

Of Many Things

HAVING REACHED the ripe and responsible age of three and sixty, Brodie Duke began casting about, in leisurely fashion, for a fourth mate. One day the irrepressible member of the tribe of Duke, running an exploratory finger through his silvering beard, remarked to his secretary:

"It's time I thought of settling down. What sort of a wife do you think Mrs. Blank would make?" He named a fast-stepping widow whose unconventional goings-on had long been the talk of the town.

"Why, Mr. Duke, you couldn't marry *her*!" gasped the secretary, who had not noticed the roguish glint in his employer's eye. "From what I hear, she's had an affair with every man in Durham."

Brodie pondered a moment, then, with a perfectly straight face, uttered a bon mot which has become a choice morsel of Duke anecdote.

"Hell, Bill," he said, "after all, Durham ain't such a big place."

However, Brodie passed up the widow and centered his autumnal affections upon a buxom, sweet-natured local girl just out of her teens. This was blue-eyed, brown-haired Wylanta Roschelle whose folks had worked near the Dukes for two generations. Soon Brodie was sparking Wylanta in earnest, and she was receptive. "I never thought of Mr. Duke as an old man," she says today. "He was so amusing and his spirit so youthful."

The girl had enjoyed only a grammar-school education and both she and Duke agreed this should be supplemented before their marriage. Brodie asked his old friend, Col. W. L. Haskell, head of the Keeley Institute in Washington, to recommend a proper finishing school for his fiancée. Accordingly, Wylanta soon was exploring the treasures of English literature and absorbing additional mental pabulum in the fashionable school of Miss Mary Horsley in G Street, Washington. Here she remained for nine months. Brodie called often to see how she was getting along.

At the close of the term in June, 1910, the couple took out a marriage license in Washington and then their troubles began. The newspapers and the Duke

family got wind of the affair simultaneously, and Brodie found himself blocked in his search for a minister. Half-brothers Ben and Buck, whose ambitious wives were beginning to gain a foothold in metropolitan society from the vantage ground of their Fifth Avenue mansions and newly acquired social secretaries, notified Brodie that they were through with him for good if he persisted in his plans. By way of thumping reply, Brodie bundled Wylanta into a car and drove with her to Camden, New Jersey, where they were married on June 10th by a Justice of the Peace. It was purely coincidental that he chose the very city where Buck Duke and Lillian McCredy had launched their ill-starred matrimonial venture six years previously. Returning next day to the Ebbitt House in Washington with his beaming bride, Brodie was in fine fettle.

"You may say that Brodie Duke is married and supremely happy," he told the gentlemen of the press. "Also, that he minds his own business and he would advise certain other people to mind theirs."

In the nine years of life that remained to Brodie, there was no communication between himself and his half-brothers. Parenthetically, it may be remarked that Brodie's fourth wife took care of him faithfully and well and earned the friendship and gratitude of his children, as well as the sizable fortune which he bequeathed her.

Meanwhile, Buck Duke, with the debris of the dis-

solution suit gradually settling and the outcries of the critics diminishing from a tornado to a mere wail, had plenty of business of his own to attend to. He determined to retire as soon as possible from active management but would remain a large stockholder in the new companies as he had been in the old. Naturally, he was concerned in maintaining, indeed increasing, the flow of dividends. To this end, he gave careful attention to the executive personnel of the new organizations.

Each of the newly formed "Big Four" companies must stand on its own. Each, as Duke had laid it out, was a thoroughly integrated organization, capable of manufacturing and selling every form of tobacco. Duke believed that the right amount of hustle and healthy rivalry would result in increased prosperity for all. His task was to select the right men for the right jobs, at which he was past master. He had no qualms about R. J. Reynolds and Pierre Lorillard. These fellows could take care of themselves.

As for the new American Tobacco Company—divested of controlling interest in United Cigar Stores and other subsidiaries—he himself would exercise general, if absentee, supervision for a time. In active charge he would place his Bull Durham-Philadelphia find, Percival S. Hill. Despite all those embarrassing letters that man McReynolds had sneaked into the anti-

trust suit, Hill was an able fellow and a crackerjack executive.

Who would be the best man to boss the new Liggett & Myers Tobacco Company, to which had been allotted such substantial money makers as Fatima and Piedmont cigarettes, Granger and Velvet smoking tobacco, Star and Masterpiece plug, and Recruit little cigars? This pivotal viceroy's headquarters would have to be in St. Louis and the job would be tough until things straightened out and it could be seen how far the Government was prepared to go in seeking to force unlimited competition. Duke pondered long, then chose Caleb C. Dula, a man after his own heart, to whom he had entrusted many important and confidential missions. Dula knew the Mid-Western and Western markets better than any man in the outfit. As chief aide, Duke assigned to Dula one of Ben Duke's notable discoveries, Calvin White Toms. In 1897, Toms had been plucked by Ben Duke from his post as Superintendent of Schools in Durham and made manager of the local American Tobacco Company plant, the old factory of W. Duke Sons & Company.

While the guiding genius of the tobacco industry was puzzling over these and other appointments during the shortening days in that fall of 1911, there came to him a scheme to provide incentive for the men who were to run the new organizations. Next day he sent

for young George Washington Hill, son of Percival, and told him about the scheme.

Young Hill had come along nicely in the business in the five years since Tom Yuille, head of the leaf department, at Duke's direction, had put him to work at \$5 a week. Living, eating, sleeping tobacco, George Hill, through bold promotion, was now pushing the Pall Mall brand of cigarette into leadership among its class.

The interview took place in the very office which Hill now occupies as president of the American Tobacco Company.

"Jarge," began Duke, waggling the index finger of his right hand at the young man—"He always called me 'Jarge' and as far back as I can remember he always waggled that finger when he started to tell you something," says Hill.)—"Jarge, I am going to make you a vice president of the American Tobacco Company."

Hill was surprised and delighted. Duke went on to explain that he himself would retire, though continuing to be a shareholder, and added that he had an idea—"the greatest idea in merchandising ever thought of." He continued:

"All you fellows in these companies will start from scratch. If you are all willing to sit on your backsides and be satisfied, you will receive only a salary. But if you get out and hustle and build the business and make money for the stockholders, you will also make money

for yourselves. Now if I could sit in this chair all night long and have fellows come through that door, one after the other, giving me hundred-dollar bills, I'd gladly give them ten dollars back for each hundred dollars they brought in. And that's what we're going to do. Ten percent for the management—for you fellows that run the business—and 90 percent for the stockholders. And I don't care how much money you make."

That was Duke's plan, adopted soon by all four of the leading tobacco companies that grew out of the partitioning of the Trust. The increased corporate and individual earnings that followed have become historic.

"True to his avowed intention, Mr. Duke did not remain long at the helm after the new companies were started," says George Hill. "My recollection is that he resigned the presidency of American Tobacco within a few months, when he was succeeded by my father. I think his plan of bonuses for responsible executives, based upon earnings, one of the most constructive principles of business operation ever devised."

Well might Hill applaud, for in one depression year alone he himself was to receive, in addition to his salary of \$160,000, a bonus of \$842,567 plus a "special" credit of \$273,470.

Duke's retirement was short-lived. To divorce a man

of his temperament from business activity was as difficult as putting a vigorous fire horse into premature pasturage. Hence he did not resist very strenuously suggestions of his English associates in 1912 that he become Chairman of the British-American Tobacco Company and a director of its world-wide operations, many of which Duke had delegated to W. R. Harris and his young protégé, George Garland Allen. The job took him to London at increasingly frequent intervals and, rather to his surprise, he found himself enjoying the more leisurely pace of English life and commercial procedure. Further, a man of property felt more settled over there. A fellow who had done something big in the business world was looked up to and not subjected to the assaults of every crackpot politician and demagogic editor. By jiminy, in that stable, serene atmosphere, he might settle right down and raise a family. . . .

Such musings became more pronounced when his second wife presented him with a daughter and heir. The baby, born in New York November 22, 1912, was named Doris. She was a bouncing armful. Duke had wanted a son above all else and had high hopes because Nanaline Duke's only other child, now seventeen and a prep-school student, had been a boy. However, the fifty-six-year-old father consoled himself with the fact that the new arrival had his chin and eyes. He showered gifts upon mother and daughter

and made some lavish purchases of art for them through agents in New York and London. These included tapestries and panels, statues and vases and several paintings: a couple of Hoppners, Gainsborough's "Lord Gwydyr," Raeburn's "English Gentleman in Red Coat" and Clodion's terra-cotta figure of a "Little Girl with Tambourine."

The idea of a London residence became more appealing and, in 1914, Duke leased, with an option to purchase, Lord Crewe's town seat, Crewe House, one of Mayfair's largest and most imposing mansions. Rumors filtered back and received wide and unfavorable comment in the press that Duke, enraged over the new American income taxes, had decided to become a British citizen, with an eye to the peerage. However, before the half-year option period on Crewe House elapsed, England was at war and Duke, along with thousands of other Americans, found himself stranded. Battered and jostled in the steamship offices by crowds of hysterical tourists, Duke found he could not buy a ticket for love or money. Fortunately his family was in America. With stocks tumbling, the rumble of guns almost in his ears, he felt helpless, ruined. He had but one thought: to get home. This England, which had become a Bedlam over night, no longer offered the pleasing prospect of estates, retainers, perhaps a title. He wouldn't remain in England if they made him

King. Finally, he managed to gain the ear of American Ambassador Walter Hines Page. The latter, twinkling over the recollection of their boyhood scrap, helped him obtain passage for New York.

New York he found in a state of panic comparable to that of England. Values had gone to perdition. His huge security holdings had shrunk alarmingly. The banks, though, would still cash checks. In a frenzy of haste, he drove around to his several depositories and turned check after check into gold. At lunch time, a banker from North Carolina found Duke in his office, shaking and sweating and hysterical about the state of the world. Duke confided that he had already collected or arranged to collect a million dollars in gold and said he was going to remove it for safekeeping to his place in New Jersey. The banker did not tell the panic-stricken tycoon that he himself had called for the purpose of seeking to borrow \$150,000 to tide him over his own crisis.

Soon conditions stabilized and Duke, somewhat shamefacedly, returned the gold to the banks. He felt constrained also to deny that he had contemplated becoming a British subject in order to dodge income taxes or for any other reason. The denial took the form of a statement to the newspapers by George W. Watts, enclosing a letter from Duke. The Watts statement, dated Durham, September 26, 1914, follows:

Many of the papers of North and South Carolina have apparently taken delight in censuring Mr. J. B. Duke upon an unfounded and untrue statement that he had become a citizen of Great Britain. It seems very strange to me that these papers would not first investigate the truthfulness of such slandorous rumors before publishing and giving approval to them.

Upon the dissolution of the American Tobacco Company by the United States courts, Mr. Duke found nothing attractive in managing or directing any of the smaller companies into which the American Tobacco Company had been sub-divided. His whole life having been devoted to the tobacco business, and being recognized as a leader in this line, his services were eagerly sought. The British-American Tobacco Company (whose market is the world) having made him a satisfactory proposition, he accepted the chairmanship of its board, which is equivalent to its management. This requires Mr. Duke to spend six months in each year abroad.

Mr. Duke, while being one of the most progressive and vigorous men the South has produced, is also one of the most modest, so never makes reply to any newspaper articles reflecting upon him or his business. But I, as his friend and associate with him in business for over thirty-six years, feel that this is an injustice and should be corrected. I am therefore enclosing a letter just received from him.

The letter from Duke, written in New York September 22nd, read:

My dear George:

I have been told of the articles charging me with having become a British subject, but press of matters excluded them from mind until recalled by your letter of the 16th, which is now before me. While these articles are entirely unfounded, as you and my other friends know full well, I did not take notice of them—because that has not been my custom. The fact is that I am now a citizen of the United States. I do not contemplate and have never contemplated becoming a British subject.

So far as the income tax is concerned, I am always ready to bear my part of any taxes deemed necessary. You know how I have labored to build up and advance the business and commerce of the United States at home and abroad, and of my abiding faith and interest in this endeavor. To mention no other reason, I have too much at stake in this respect and too much hope in the future of American business and commerce to ever cease to be a citizen of the United States. The result is that as soon as I could, after war was declared, I hurried home because my first interest was here, and have since been giving my whole time to the situation, which demands the best of all of us.

I sincerely regret missing you when you were here last week and shall look forward with pleasure to your promised visit at an early date.

Sincerely yours,

J. B. Duke

The war sharply curtailed the export trade in American tobacco products and diminished imports of Turk-

ish and Russian leaf. Yet, with the conflict came an increase in the domestic consumption of cigarettes so phenomenal as to seem miraculous. The result was a veritable lava of unexpected wealth pouring into the pockets of the cigarette manufacturers and their stockholders, including share owner No. 1, Mr. J. B. Duke. Ironically enough, Buck's ancient rival, R. J. Reynolds, was the Aladdin who rubbed the magic lamp and led the boys into pastures more lush than any they had ever known.

In 1910, the year before the Government cracked down on the Trust, America's 92,000,000 inhabitants smoked 8.6 billion cigarettes. There were some fifty brands on the market, retailing at from five to twenty-five cents a package. The most fashionable were the Turkish blends—Egyptian Deities, Muriel, Mogul, Murad, Condax, Helmar, the original Pall Mall. The most popular, retailing at ten for a nickel, were Turkish in name only (classed as “Imitation Turkish” in the trade)—Mecca, Hassan, Obak, Cairo, Zira and Oasis. Oval in shape, the packages were decorated with colored pictures of minarets and glimpses of dark, seductive and mysterious-looking Turkish gardens. Then there were the staple “Virginia cigarettes” made of flue-cured bright tobacco from the Carolinas and Virginia—Sweet Caporal, Sovereign, Piedmont and Old Mill, the latter wrapped in brown paper. Finally, two

brands of straight burley, Home Run and Picayune, sold chiefly in the South.

Then, with the war, came a development, destined to revolutionize the cigarette industry. In 1913, R. J. Reynolds, still firm in his determination to "give Buck Duke hell," began experimenting with cigarettes, bringing out several brands in different price classes. One of these, which he sold at twenty for ten cents (an innovation), he named Camel. The name was easy to pronounce, connoted the Orient, and Reynolds loved animals. In this cigarette, for the first time, was blended a small amount of burley with the predominant flue-cured bright leaf, together with a flick of Turkish. It was treated, too, by a secret process to give it "flavor." Reynolds, in another bold break with precedent, printed a notice on each package advising the purchaser not to look for coupons or premiums "as the cost of the tobaccos blended in Camel Cigarettes prohibits the use of them." This was to end the era of premiums and picture cards, flags of all nations, metal buttons and numberless other assorted souvenirs which Duke and his successors had found indispensable in selling their cigarettes.

From its inception, the new cigarette captured the public taste. Indeed, Camel landed among the established brands like a ton of hot bricks. Centering his advertising upon this one brand, Reynolds spent \$1,448,000 the first year and Camel sales jumped to half a

billion. In 1915, sales rose to the amazing total of 2.4 billion. The cigarette industry had never seen anything like it. Reynolds paid personal taxes of \$66,000, more than double that collected from any other North Carolinian.

To meet the challenge, American Tobacco, in 1916, brought out Lucky Strike, and Liggett & Myers pushed its Chesterfield, which had already been introduced when Camel appeared. At the same time Lorillard entered the field with Tiger, to be followed, years later, by Old Gold. Then began the greatest advertising race of all time—a race which was to witness a single company in a single year pouring out in exploiting one brand of cigarettes more than \$20,000,000, or half as much as that year's value of the entire North Carolina tobacco crop. Sales of cigarettes, and profits therefrom, reached almost unbelievable highs. Paced by the sensational Camel, with a volume of 10 billion, consumption jumped in 1916 to 25.2 billion; to 35.3 billion in 1917, the year America entered the war; to 46.6 billion in 1918; and to 53.1 billion in 1919. (Under the stimulus of the present world conflict, consumption is now approaching 200 billion.)

Simultaneously, the production of bright tobacco in North Carolina, accounting for two-thirds of the U. S. flue-cured crop, rose in the decade following 1910 from 137,000,000 to 425,000,000 pounds, and the price, which had reached 10 cents a pound only three

times between 1900 and 1910, rocketed to an all-time high of 49.6 cents per pound in 1919. The farmers still speak awesomely of 1919 as the Great Year. Within a few years Camel achieved a sales volume of 20 billion, with Chesterfield and Lucky Strike hard on its heels; and Dick Reynolds, chortling in his beard, doubled the pay of his machine operators (in 1915 the scale had been 60 and 75 cents a day) and spread his prized "A" stock among his executives, thereby eventually creating more than sixty millionaires.

Of course, there were causes other than the war and the coming of the Camel to account for the renewed and overwhelming up-surge of the cigarette. Chief among these, perhaps, was the fact that women broke through the bonds of prejudice and openly embraced the only form of smoking they are constitutionally fitted to enjoy. When the slenderized figure became the vogue, millions of women were persuaded to reach for a Lucky (and a Camel, Chesterfield and a dozen other brands) instead of a sweet. The ladies were delighted when they no longer had to sneak their smokes but could indulge publicly. Further, they were amused in defying the opposition of many men, some of whom became almost ill when they saw the fair sex puffing away. One of these, strange to relate, was Buck Duke. A veteran New York newspaper man vividly recalls an occasion when he dropped into Duke's office for one of the latter's rare interviews. He remarked that

he had recently noticed several women smoking cigarettes in restaurants, hotel lobbies and elsewhere and asked Duke what he thought of the practice. Duke rose to the bait.

"Why, if any woman in my family ever smoked one of those darned things, I'd, I'd . . ." he fairly spluttered in searching for words.

Before he could complete the outburst, a suave secretary slipped to the boss's side and remarked soothingly: "Isn't that one subject you never discuss, Mr. Duke?"

"Yep," said Duke, remembering his lines. Then to the reporter: "Just leave that out, young man. Leave it out."

Duke never entered a room where cigarettes were being smoked without a sniff of distaste. He thoroughly disapproved of the gay, smoking, loafing younger set in which moved brother Ben's children, Angier Buchanan and Mary. Angy was a gay dog himself, who knew how to make money fly. An accidental gunshot wound which had robbed him of the use of an arm had not blunted this young man's zest for hunting, boating and all-around conviviality. Work was not included in the agenda. His parents were beginning to think their idolized son never would settle down when, having turned thirty, Angy surprised and delighted them by winning the hand of Cordelia Biddle, daughter of Anthony J. Drexel Biddle of Phila-

delphia. The wedding was a gala event of the 1915 Spring season. From this romance, another bloomed. Within two months, A. J. Drexel Biddle, Jr., twenty, led his brother-in-law's sister, Mary Duke, twenty-eight, to the altar. This, too, was hailed as a brilliant match. Although two children were born to each couple, both unions ended in divorce, with tragic denouements.

The war turned Duke's energies into a new channel.

Even before the dissolution suit, he had become interested in the development and transmission of hydro-electric power—a virgin field for adventurous capital—and he now vastly increased both his interest and his investment. As a result, in a few short years he built up the Southern, later the Duke Power Company, with assets of \$350,000,000, doubled his fortune and became industrial and financial overlord of the entire Piedmont region of North and South Carolina. The genesis of the project is interesting.

Duke had a sore foot which refused to respond to home remedies. So was summoned to the presence the eminent Dr. W. Gill Wylie of New York and South Carolina. Dr. Wylie diagnosed the trouble as a recurrence of Duke's old complaint: erysipelas. The cure was simple, though it might be long. Meanwhile, the foot must be completely rested and the bandage changed daily. The patient grumbled but promised to

obey orders provided Dr. Wylie attended to the bandaging himself. Incidentally, the physician remarked later that he had never seen feet of such monstrous size and peculiar contour. Narrow at the heels, they spread out, fan-like, at the center. From the toes, particularly on the infected right foot, great bunions projected like promontories.

In the next weeks the two men got well acquainted. Dr. Wylie had a hobby, water power, of which he spoke often. On his plantation in South Carolina he had dammed a river and installed a small hydro-electric plant which supplied heat, light and power to the whole neighborhood. Why, there must be enough energy going to waste in the rushing rivers of the Piedmont, enthused Dr. Wylie, to run every cotton mill in America, to power interurban trolleys, to light great cities. Furthermore, a few years' saving on coal would pay the cost both of the power plants and of high-tension transmission lines which could distribute a limitless amount of current for hundreds of miles. That's what he had been told, the physician said, by his young engineer kinsman, William S. Lee, who'd built his plant and was prospecting other sites.

Duke cocked up his ears. He had pumped water from the Raritan River to supply his lake and fountains in New Jersey and had long been interested in the commercial possibilities of water power. These high-tension, long-distance transmission lines were a

new wrinkle. One day he remarked briefly, through a cloud of cigar smoke: "Send for this young fellow Lee to come up here."

Lee came and he brought with him plans and estimates and diagrams. Duke questioned him for hours. Then he said: "Well, for a starter, we'll buy that site on the Wateree River near Camden, South Carolina. You say we can get it for a hundred thousand dollars. Doctor, suppose we each give Lee fifty thousand?"

"Done," said Dr. Wylie. And that was the beginning of the pioneering Southern Power Company which eventually built and operated many great plants on the Catawba, Yadkin, Wateree and other Piedmont rivers, with a generating capacity of a million horsepower, distributing annually some billion-and-a-half kilowatt hours of electricity through 3,500 miles of transmission lines, lighting the streets and homes of scores of towns and cities, driving trolleys and inter-urban railroads.

During and immediately following the war years, Duke attracted to the Piedmont a textile industry rivaling that of Massachusetts. His method was to invest in the stock of any company to which he could sell power. By the early 1920's more than three hundred cotton mills, with approximately 6,000,000 spindles, were supplied with power from Duke plants—this being not only more than one-half of all the spindles in the Carolinas, but over one-third of those in the entire

South and one-sixth of all the spindles in America. Duke held stock in scores of these mills. As they prospered, he would sell out and put the money into new mills. All through the Piedmont mill villages were soon strung out like beads—each paying tribute to the commercial genius of one man.

The late W. S. Lee, who remained with Duke as chief aide in the power projects, spoke often of Duke's quick grasp of technical matters and the speed of his decisions. Frequently the expenditure of millions was authorized with naught save Duke's laconic: "Seems all right. Go ahead." Said Mr. Lee:

"I do not recall that there were ever any formal or written instructions given me during my many years of association with Mr. Duke. It was his policy to designate one man to begin and complete an operation rather than start a debating society or a town meeting over it. His decisions, though often seemingly off-hand, were as accurate as they were swift. Generally he had gone into the matter thoroughly, had the points fixed in his mind and was sure of his ground. He merely thought faster, more accurately and grasped a situation more quickly than most men. And, once he had decided, he acted promptly."

Swept by enthusiasm for his new passion, Duke went prospecting for more water power in far places. Into a tremendous hydro-electric development in Northern Quebec, Canada, he poured millions.

The Canadian venture came about as a result of a meeting with the picturesque Thomas L. Wilson, popularly called "Carbide" Wilson because of his absorption in electro-chemistry. Wilson insisted that Duke visit the falls of the Saguenay, north of Quebec City, and see some potential water power which, he guaranteed, would make the rivers of the Piedmont look like mill ponds. Duke journeyed into the wilds and saw a river that dropped 318 feet in thirty-seven miles, water that rushed through rapids at 35,000 cubic feet per second.

"We went in a duck boat up to the end of tidewater and then walked up trails on the bank of the river for possibly two miles," recalled W. S. Lee. "The river breaks through regular gorges at that point and was a very impressive sight. Mr. Duke got down on his knees in the wet bushes, with total disregard of his clothing, and looked into the gorges, fascinated. Then, within thirty minutes, he turned to me and said: 'Lee, I am going to buy this.' "

Part of the water rights were acquired from "Carbide" Wilson, the remainder from J. B. Haggin. The negotiations brought Duke into contact with both Mr. Haggin, then ninety-six, and his son, twenty years his junior. Duke always referred to the younger Haggin as "the boy."

Duke and his engineers planned two developments, one at Isle Maligne, the other at Chute à Caron, twenty

miles downstream. Isle Maligne would generate 540,000 horsepower, making it the largest single hydroelectric plant on earth; Chute à Caron, with ten units, would produce 800,000 horsepower. In order to control the flow, the waters of parent Lake St. John had to be impounded. This was but one of several mammoth engineering operations begun shortly after the war and completed five years later.

Then arose the problem of disposing of the power. Sir William Price of Montreal, who had become a limited partner of Duke, took some of Isle Maligne's output for his paper mills. Still there was a huge surplus, and the plants at Chute à Caron were yet in the blueprint stage. Duke looked ruefully at his rising cost sheets. He must find customers. Few industries, he now realized, were willing to locate in a region so remote from possible markets.

For once, it seemed that Duke had overreached himself. However, his amazing financial luck held. A clash of rival business interests played into his hands and enabled him to wrench from the Mellons an appreciable interest in their tremendous aluminum monopoly. The story of this coup and how it came about is as colorful and dramatic as any episode in Duke's extraordinary career.

Chapter XIII

The Power Magnet

WHILE DUKE WAS BEGINNING to doubt the wisdom of his extensive investment in faraway Canadian water power, he received a visit from George D. Haskell, president of the Baush Machine Tool Company of Springfield, Massachusetts, owners of the rights to duralumin in the United States. Haskell was looking for cheap and abundant water power. Since 1919 he had been thwarted in a quest for aluminum, as had Henry Ford and other motor magnates, by the Mellons and their Aluminum Company of America. Now Haskell wanted to form a company and manufacture aluminum for auto engines and additional uses. Ford's chief engineer, William B. Mayo, and other men of

prominence had agreed to serve on his board. He needed bauxite, which he hoped to obtain abroad, and unlimited water power. If his plans worked out, he would build a \$2,500,000 plant at Isle Maligne and use a vast amount of Duke power.

"Duke was overjoyed," observes Harvey O'Connor in *Mellon's Millions*. "He was an old man and he craved to see his judgment of Isle Maligne vindicated before he died. Actually his great power project was a white elephant. He must find other customers than the Price paper makers. But industries were reluctant to locate several hundred miles by water from the nearest possible market. To aluminum that was no obstacle. It flees the industrial centers to find its essential cheap power, whether in the fastnesses of Southern mountains, the bleak spaces of Quebec, or the lonely fjords of Norway."

Duke and Haskell talked long. The former asked: "How much do you calculate it will cost you to make aluminum?"

"Seventeen cents a pound," responded Haskell. "Six cents for alumina, five cents for power, two cents for electrodes, one cent for the cryolite bath and three cents for labor."

"How are you going to finance your company?"

"Two million preferred stock, two million in ten-year notes."

"Hell," said Buck Duke, according to Haskell, "if

this proposition is as good as you say it is, I'll finance it myself. Don't hock it around Wall Street. Why, even five million dollars would be cheap to break into this market."

Duke had his fine new private car, the *Doris*, named for his daughter, attached to the Quebec express and he and Haskell were off for the Saguenay. They tramped about the power development and selected a site for the aluminum plant. For a starter, Haskell thought he could use at least 50,000 horsepower a year. Duke assured him of his backing, Haskell later swore. Thus armed, the promoter started out on a renewed world hunt for bauxite—in the Guineas, India, France, Yugoslavia. The domestic supply had long since been cornered, he knew, by the Mellons' Alcoa and its energetic president, Arthur Vining Davis.

All his moves, Haskell asserted, were freely discussed with Duke's aide, George Garland Allen, whom Duke had made president of his Quebec Development Company as well as of the new Duke-sponsored Quebec Aluminum Company. Everywhere Haskell's agents were frustrated in their search for the indispensable bauxite. Time and again they located deposits only to learn that Alcoa had gotten there first. Haskell became suspicious. One day as he entered Allen's office in New York he met Arthur V. Davis emerging. Allen assured him, Haskell subsequently swore, that the Mellon executive's visit had nothing whatever to do with

aluminum. Then he received a letter from a friend in Quebec: "Dickie told me the other day that he heard that Davis had bought out Duke or rather that they had exchanged power, Davis getting Canadian power in exchange for his Southern power."

Haskell replied: "Of course, it is disturbing, but I am depending absolutely on the honesty and good faith of Mr. Duke and his associates."

He was soon disillusioned, Haskell said. Duke's man, Allen, told him the deal was off, that Duke had "made arrangements" with Alcoa. Simultaneously, a new company—Canadian Manufacturing and Development—was formed to take over Duke's Saguenay power. Within a few weeks, according to Harvey O'Connor, this company "disappeared into Aluminum Company of America, taking with it Duke's Quebec Development Company and the Quebec Aluminum Company." Mr. O'Connor adds, in *Mellon's Millions*:

Outstanding now were \$147,262,500 in preferred Aluminum stock and 1,472,625 shares of common, no par value, against the previous \$20,000,000 capitalization. One-ninth of the new stock represented Duke holdings, of which three-fourths was his personal property. Once Davis had headed off the Haskell threat, he looked over the Saguenay development coolly and decided that he wanted not Isle Maligne, but Chute à Caron, Duke's undeveloped site which lay near tidewater. He drew plans of a city to rise there, where ocean-going vessels could

discharge bauxite from the Guineas at the foot of an immense bauxite and alumina-reduction plant. Near by would be the electric smelter. Perhaps rolling mills would be added and aluminum would leave from the same docks where the bauxite had been discharged, directed to the four corners of the earth, along its sea channels. So Duke obtained one-twelfth interest in what was to be a \$250,000,000 concern in return for an undeveloped water-power site. Alcoa contracted to buy annually \$1,200,000 of Duke-Price power from Isle Maligne and later bought 53 $\frac{1}{3}$ percent of its stock.

The industrial city planned by Arthur V. Davis, with great docks, smelters and mills, has since been realized. Appropriately, it was named Arvida. Duke was elected to Alcoa's board and today his estate's richest yield is from its interest in the Aluminum Trust.

Haskell, who apparently had been left holding the bag, subsequently sued the Duke estate, alleging that when Duke went over to Alcoa he took not only his water power, but confidential knowledge of the bauxite deposits which had been located by Haskell. The plaintiff estimated Duke's gain at \$25,000,000; his own loss at \$15,000,000. Under the "triple damages" section of the anti-trust laws, he asked indemnity of \$45,000,000. After hearing more than fifty witnesses, including economists, scientists and power experts from Sweden, a Federal Court jury in Newark, New Jersey, awarded Haskell a verdict of \$8,000,000, a rec-

ord sum. Haskell promptly appealed for triple damages, of \$24,000,000. The verdict was later set aside by higher courts on the ground that the plaintiff had failed to establish a definite contract with Duke. In his last great deal, Buck, as usual, had never once put pen to paper.

In the suit it developed that Andrew Mellon, then Secretary of the Treasury, had taken some part in the negotiations that removed the Duke-Haskell threat. Secretary Mellon testified that his Alcoa executive, Arthur V. Davis, had told him that "Mr. Duke was desirous of making an alliance with the Aluminum Company on account of this water power." One winter night Davis brought Duke to dinner at Mellon's Washington apartment. Business, however, was not discussed. Not a word was mentioned as to the possibility of using Duke water power in manufacturing aluminum or of the tobacco man's negotiations with Haskell. Witness' best recollection was that Mr. Duke discoursed upon waterfalls, rain, the logging of pulp timber land, and the perpetual-motion possibilities of hydro-electric power.

"Were you not more or less always on the lookout for possibilities of competition?" asked the leonine Sherman L. Whipple, of Haskell's counsel.

The Secretary's mild eyes sought the ceiling as he replied softly:

"I am not troubling my mind about Mr. Davis lack-

ing in resourcefulness so far as looking after the interests of the business is concerned."

After further futile probing, the cross examiner finally lost patience and snapped:

"Therefore, as it appears now, although this man Duke had organized the Quebec Aluminum Company and had been spending considerable sums of money in investigating the aluminum business and had sought to talk with you, the thing you can remember most is that he talked about a business that you had never been in, that is the paper and pulp business, nor he either?"

Mr. Mellon merely blinked.

Although rough-hewn as granite in business, Duke indulged his second wife's slightest whim and was tenderly adoring toward their daughter. Mrs. Duke was permitted, not without grumbling, to remold her husband sartorially. Morning coat and striped trousers succeeded the faded old Prince Albert. The skill of Bond Street and Fifth Avenue tailors was enlisted to furnish attire befitting a man of affairs. Buck also learned to adjust himself to the ministrations of an English valet and to attain a certain grace in social niceties hitherto neglected.

Upon his daughter Doris, Duke's heart was centered. With her taffy-colored hair, heavy chin and widely spaced, prominent eyes, the child was far from handsome. Her disposition, though, particularly to-

ward her father, was an affectionate one. At ten she towered over her small, dark mother and this tended to make them both self-conscious. There was no restraint, however, between father and daughter. Gravely she would take her problems to him. Once someone told her that animals had no souls, not even her pet pony. Duke healed the child's distress by having a sign posted over the pony's stall: "Ponies do have souls and Patsy most of all."

Because his wife so liked Newport and its social atmosphere, Duke, in 1922, bought "Rough Point," the palatial pile on Ochre Point built in 1886 by Frederick W. Vanderbilt, and sold subsequently to Mrs. William B. Leeds, later Princess Anastasia of Greece. In size and luxury of appointments, "Rough Point" ranked with Edward Berwind's "Elms," the Edson Bradley's "Seaview Terrace" and "The Breakers" of that lofty matriarch customarily referred to in the society columns as the Dowager Mrs. Vanderbilt.

With this impressive foothold, Nanaline Duke campaigned avidly in Newport for social leadership. Her zeal and skill won much success, though there were annoying setbacks, too. One came when her son, Walker Patterson Inman, eloped without his mother's consent with the divorced wife of a song writer and daughter of a Kokomo, Indiana, minister, and landed in the divorce courts amid an unsavory accompaniment of Broadway fisticuffs, jazz and gin. In an action

at Reno, Inman accused his wife of intimate relations with a vaudeville tenor, an international confidence man known as Dapper Don Collins, and a bootlegger familiarly spoken of as Yip. She countered with charges of cruelty and general hellraising. A jury found for the husband but, in the face of threatened appeal to the Nevada Supreme Court, the case was settled privately. The settlement gave Inman a divorce but awarded the wife the following liberal financial allowance, which was not to be affected by her possible remarriage: \$1,250 a month for three years; \$750 a month thereafter for the remainder of her life; and \$25,000 for counsel fees. It was commonly believed that Mrs. Duke had forced the compromise. Subsequently the son was not seen at Newport, creating much gossip. One catty social commentator even observed: "Can it be possible that Mr. Walker Patterson Inman does not share the pleasures of Rough Point because the presence of Walker would be the tip-off on the number of birthdays Nannie Duke hasn't celebrated?"

Even more disturbing, however, to Duke's peace of mind and to his second wife's social ambitions was the sudden reappearance in the public prints of Mrs. Lillian McCredy Duke. The first wife, who had never acknowledged the justice or legality of Duke's divorce decree, fell into the toils of a florid, plausible, middle-aged Wallingford of Wall Street, one Alfred E. Lind-

sey, who stripped her of her entire fortune. Her losses she placed at \$275,000 in cash and securities and \$50,000 in jewels.

Stout, well-dressed, ingratiating, Lindsey met Mrs. Duke at a social function in New York in 1921 and soon was calling regularly. He told her he was an investment broker and casually mentioned that among his associates in speculations were George F. Baker and Percy Rockefeller, adding:

"Our group calls itself the Domino Club. We meet very confidentially at certain hotels to exchange inside information on market movements, and we all wear masks."

Mrs. Duke was thrilled.

"Of course," Lindsey went on, "the information we obtain at these meetings is entirely for our personal use. But if you wish I can arrange to put you in our pools. You will double your money in a few weeks."

With such enticing lure, Mrs. Duke turned everything she had into cash and entrusted it to Lindsey. The "few weeks" lengthened into months. Lindsey's calls ceased. Mrs. Duke sought him unsuccessfully at the tasty river-front estate on the Hudson at South Nyack where he had several times entertained her lavishly. Then she went to her lawyers and the District Attorney. It developed that Lindsey, though he had kept out of jail, had been living on the shady side of the street for years. In 1918 he had been caught up by the

police for posing as chief of the United States Secret Service in a fraudulent scheme to hire gullible girls as spies. He had duped several other women, the total frauds, including Mrs. Duke's loss, amounting to more than \$500,000. The prominent Wall Street men he had claimed as his close friends had never heard of him.

Although Lindsey was soon behind bars, none of the money was recovered. He said that he had lost it all in speculation and blamed his troubles on two associates whom he helped convict. He himself pleaded guilty, anticipating a suspension of sentence, and turned as pale as paper when General Sessions Judge Mancuso, November 28, 1922, gave him a castigation and a term of five to ten years in Sing Sing prison. Upon his release, he resumed his old ways. His latest exploit, in the Spring of 1942, was the larceny of \$15,000 in cash from two New York City furriers to whom he held out promise of lush, but mythical, war contracts. This time he posed as "Colonel Hale Heatherington Halquire." Except for a touch of arthritis, nature had dealt gently with this artful reprobate. Although seventy-six years old, the wily "colonel" looked twenty years younger, with ruddy cheeks, hair but slightly gray, and clear blue eyes veiled with pince-nez. The nose, though, had grown bulbous and more than two hundred pounds was now packed upon his erect, medium-sized frame.

Swallowing her loss, Mrs. Lillian Duke turned to

her music for a livelihood. She opened a studio in New York and gave vocal and piano lessons.

Meanwhile, Duke was building up his Piedmont power monopoly. His chief adjutants were G. G. Allen and William Robertson Perkins, a self-made little man with the look of an owl and the wisdom thereof. A native of Elmington, Virginia, Perkins had worked his way through Washington and Lee University and practiced law in two Virginia cities, Newport News and Lynchburg, before moving to New York in 1906. In the metropolis he came under the eye of W. W. Fuller and of Duke and was entrusted with successive legal assignments for the American Tobacco Company. After Fuller's health collapsed, largely from the strain of the dissolution suit, Duke, with his unerring sense of selectivity, placed Perkins in the inner circle of his legal advisers and started him on the road to great wealth. Before long, Perkins was No. 1 lawyer and confidential man for both Buck and Ben Duke. He met two of the most rigorous Duke standards: he was a pious, churchgoing Methodist and he was a rock-ribbed Republican.

Allen and Perkins were valuable men. However, when the North Carolina Legislature kicked over the traces and threatened stiffer regulation of Duke's utilities, Big Buck depended not upon them, but hastened to the state Capitol at Raleigh and did his own lobbying. Some of the powerful textile mills locked horns

with him. They said that Buck had persuaded them to substitute electricity for steam, under promise of low rates; then, after the steam plants had been scrapped, Duke sought to get the State to raise the rates. Duke won his fight and, according to no less authority than Jonathan Daniels, "the pickings were plentiful." Mr. Daniels adds that on Duke's private car "some North Carolina legislators got drinking liquor of a quality they did not know existed in the world."

One night, late, the *Doris* was hitched to a delayed Southern Railway train and Duke, restless, wandered into a public smoking room where sat a fellow traveler. They fell into talk. Acquaintance ripens in such an atmosphere. Before long, Duke was reminiscing about his early life and particularly about his father.

"My old dad was a great man," observed Buck. "He could have given up and quit when he came back from the war, broke and without much of any future in sight. But he didn't give up, my friend. He hustled and harvested like the man in gray this fellow tells about." From his billfold he fished out a worn newspaper cutting which he said he had carried around for years. The cutting contained the peroration of a speech delivered by the noted journalist and orator, Henry W. Grady of Georgia.

"I don't go in much for poetry or fancy words," Buck told his new-found acquaintance, "but listen to

this. It reminds me a lot of my own father." With gusto, he read orator Grady's burst of eloquence:

I ask you to picture, if you can, the footsore soldier who, buttoning up in his faded gray jacket the parole—testimony to his children of his fidelity and his faith—turned his face southward from Appomattox in April, 1865. Think of him as ragged, half-starved, heavy-hearted, enfeebled by want and wounds. Having fought to exhaustion, he surrenders his gun, wrings the hands of his comrades and, lifting his tear-stained and pallid face for the last time to the graves that dot the old Virginia hills, pulls his gray cap over his brow and begins the slow and painful journey.

He finds his house in ruins, his farm devastated, his slaves freed, his stock killed, his barns empty, his trade destroyed, his money worthless, his social system, feudal in its magnificence, swept away, his people without law or legal status, his comrades slain and the burdens of others heavy on his shoulders; crushed by defeat, his very traditions gone, without money, credit, employment, material or training, and, besides all this, confronted with the gravest problem that ever met human intelligence—the establishment of a status for the vast body of his liberated slaves.

What does he do, this hero in gray with a heart of gold? Does he sit down in sullenness and despair? Not for a day. Surely God who had scourged him in his prosperity, inspired him in his adversity. As ruin was never before so overwhelming, never was restoration swifter. The

soldier stepped from the trenches into the furrow; horses that had charged Federal guns marched before the plow, and fields that were red with human blood in April were green with the harvest of June.

Finding his listener properly impressed with these lofty sentiments, Duke rambled on to talk of himself and his chief interest, business affairs.

"A fellow's most valuable capital is the men he picks out to work with him," he said. "You've got to know your men and handle 'em right. Let 'em take a bracer if they can work better that way. A bracer ain't always liquor. You take one of the best business men I know. The moment he begins to feel fagged out, why he just lays everything aside and goes to bed with Poor's Manual. Odd, but that's the way he gets relaxation. My own method is just walking a mile or two every day. I can think best walking. In my whole life I doubt if I ever put through a deal amounting to much without first taking a walk, on the street, cross-lots, anywhere—figuring, measuring, thinking it all out."

With apparent frankness, Duke said he had never "taken count" of his wealth, explaining: "One million mixed with other millions is like people in a crowd: you lose sight of the individual in the jam. Maybe I'm worth twenty million—I don't pretend to say—twenty million is a lot. The man who hasn't anything better to do than just automatically ring up his items belongs out on the street-car platform, and he's mighty likely

to land there. A man is rich when he's interested in what he's doing and when he has made up his mind never to loaf for a living."

Because of his growing Piedmont power interests, Duke spent more and more time in his native state, which still looked upon him and his works with awe and suspicion. When he decided to build another mansion he selected, not Durham, but Charlotte, headquarters of the hydro-electric developments. Set in a private park, with wide, winding driveway, the crowning feature of the new estate was a fountain which hurled a shimmering cascade of water eighty feet in the air. The water was pumped twelve miles from the Catawba River and consumed enough current to operate two large cotton mills.

As with tobacco, there were wrangles and suits. One August morning in 1923 in a rural court house lawyers for a group of mill owners were seeking to prove that Duke and his go-getting young executives had hornswoggled their clients on power rates. In a chamber back of the bench and within earshot, smoking cigars chain fashion, sat Duke. A newspaper reporter, representing Duke's journalistic arch-enemy, Josephus Daniels, wandered in and asked questions. Buck called him a blackmailer and told him to get the hell out of there. The reporter answered back in kind, with a wealth, indeed, of low-voiced invective that even Duke could

not match. Suddenly the power magnate chuckled and asked his tormentor to join him at lunch. The result was that on this and subsequent occasions Buck Duke talked as frankly as he had ever talked with anyone to Ben Dixon MacNeill, staff writer for the Raleigh *News and Observer*, and descendant of the Highland clansmen who settled the Cape Fear River Valley upward of two centuries ago. He talked about his life, his struggles, his philosophy of business and asked, a bit wistfully it seemed to MacNeill: "Do you think I am a dangerous man to have loose in the State?" Later, referring to the ancient yet still serviceable Rolls Royce in which they rode through mill villages to Charlotte, Duke remarked:

"I paid \$11,000 for this car and I have driven it 100,000 miles. A while back I bought another car, an American car that cost me \$4,900. I drove it 30,000 miles and threw it away. It cost too much—fifteen cents a mile to ride in it, and this one has cost me only seven and a half cents. Buy good automobiles and good men, buy good anything. They pay profits."

In the hours he was with him that day, MacNeill recalls, Duke expressed spontaneous pride only in his limousine, his fountain in Charlotte and his daughter.

Kaleidoscopes have gone out of fashion [wrote MacNeill] but talking with James Buchanan Duke is like looking through one of these archaic contrivances for eight hours. He is not a conversationalist. His mind works con-

stantly like a great dynamo in one of his power plants. For a mile he may ride and say not a word, and then a spark will come up from him, unrelated to anything that he has said before. It may be to remark that Henry Ford is one of the greatest merchants in the world or that somebody had better watch the Chinese or that Theodore Roosevelt was a dinged fool or that Frank Page ought to build his roads an inch thicker or that a man goes fishing only because he thinks he will get something for nothing, or that there ought to be a tax of twenty-five cents the gallon on gasoline to make people quit riding so much.

Or perhaps that he has a profound contempt for politicians or that John D. Rockefeller is the greatest American, or that some day, and because of his own foresight, a town will reach from Gastonia to Charlotte or that he would like to see co-operative marketing win out in tobacco so they will not plant more than the world can smoke up, or that he can't see why the newspapers keep after him.

About the height of misapplied energy is trying to direct, or divert, the Duke mind when it is functioning. No use whatsoever to try to draw him out on something. He will answer in a flash if the question goes home, but often as not it will pass beyond him. His mind moves with terrific velocity and just crumbles up anything that gets in its way.

A great fortune had come to him, said Duke, because he had worked hard, planned well, taken chances and, above all, selected the right men for his organiza-

tion. Ben Dixon MacNeill continued his remarkable analytical interview:

Somewhere inside him, flashing up sometimes dimly, there is the notion in Buck Duke that his wealth came to him by divine right. Possession vested in his hands means prosperity for hundreds and thousands of people. In the vast reaches of those mill villages that are crowded into the forty miles between Shelby and Charlotte, his own genius has made work possible for thousands.

"Americans don't work enough. They are too careless. They can't make this car. No man ought to be allowed to live if he will not work. No matter if he has millions or if he has nothing." He called off numbers of idling millionaires, devastating them with a gesture. Work. That is the passion of Duke's life.

"If you like the thing you are doing, it is enough. You will succeed at it and you don't need to do anything else." Fish? Well, maybe for some who have not learned to work. These mill people here can swim and frolic in Mountain Island Lake when it is done.

Millions have come to him because he worked for them, and because he had the judgment to buy the right sort of men to work for him. He believes that very firmly. "Cheap men don't pay. Build up your organization with costly men. Let them make profits. Give them part of yours and you will get it back." Time and time over he reiterated that philosophy of business. "They pay me good profits," he would say of some of his best men.

Why should these people, these mill operatives, these

mill owners even, hound him about his water power? Had not these streams tumbled down out of these mountains for centuries and none noticed them? Had he not invested his money in them when men called him foolish? They were here hundreds of years before he bought them. Even now there are other streams. He had not bought them all. If they are not satisfied with him, he will cancel any man's contract.

The limousine approached the outskirts of Charlotte. Above the soft hills and the tree tops, a column of water shot high into the air. "That fountain yonder is mine," remarked Duke. As the car swung into the driveway and the fountain came into full view, MacNeill says he could feel Duke's eyes upon him, watching for some sign of approval. It was indeed a surpassingly beautiful sight and MacNeill wandered down the terrace to look at it. There must be something of the artist, he thought, in the man who could plan such a spectacle. Or perhaps the water in motion was symbolism, reminding Duke of "water gushing through mighty generators out on the Catawba River."

Before they parted that day, Duke gave the newspaper man a cryptic hint as to what disposition he intended to make of his wealth. Duke asserted:

"I was born in North Carolina and I am sixty-six years old. It's time I was beginning to think about a monument. I want to leave something in the State that five hundred years from now people can look upon

and say that Duke did that. Every man owes something to the state he was born in and that is what I want to leave North Carolina.”

This was the first suggestion that the rough, tough old fighter craved the good will of the people from whom he had come; that the steady drum fire of attack which had beat against him for thirty-five years had finally penetrated his subcutaneous regions. From now on, he seemed to make a point of mingling with the people, riding out into the country, talking with the farmers, chatting with storekeepers. Generally he was alone on his trips to Charlotte, for his second wife did not conceal her distaste for the environment and limited activities of a small Southern city. This mel-
lowing change in spirit of the millionaire became more noticeable after a tragedy which struck the family in September, 1923, and deeply affected his brother Ben and the latter's wife. After a gay party aboard his yacht
off Greenwich, Connecticut, Ben's son, Angier Buchanan Duke, fell into the water and was drowned. He left two small sons and their mother, the former Cordelia Biddle, who had divorced him and later married T. Markoe Robertson. As a measure of his parents' generosity and indulgence, the pleasure-loving Angy left an estate of \$11,000,000. The chief beneficiaries were his sons, his mother and his sister. Debts and expenses—including a fee of \$57.75 for the services of a

diver who recovered the ~~testator's~~ body—reduced the estate by a million or so.

Often now, when Buck Duke's private car rested on sidings in little Carolina towns, he tramped along the streets, free of his retinue of engineers and secretaries. Once a small boy, thin, scrawny, freckle-faced, pushed his way through a knot of curious villagers that had gathered to see the Great Man and asked, with a quaver:

“Mister, can you cure fits?”

Onlookers laughed. Not so Duke. He led the urchin into the lounge of the *Doris* and talked with him. It seemed the boy's father was subject to nervous seizures which interfered with his work in a near-by mill. Duke assured the worried youngster that he would provide medical attention, and he did.

The episode got the millionaire to thinking. Forming in him was a decision to disburse part of his fortune along the fundamental lines charted by his hero, John D. Rockefeller: for education, religion, health. In recent years, at the solicitation of his brother, he had contributed to Trinity College and to some of the numerous charities in which Ben was interested. Under the presidency of lean, lank, bearded William Preston Few—successor to the fiery Kilgo—Trinity College was growing steadily. Behind Few's mild eye and manner lay a shrewd, audacious mind. For years he had dreamed of heading a great university, with schools of

law, theology, education, medicine, and had drawn up detailed plans. Upon the advice of Ben Duke, he placed these plans before Brother Buck, who asked the cost.

"About a hundred million dollars," estimated Few, without batting an eye.

Buck emitted a roar of laughter (the two men were standing in the foyer of his New York home) and called out: "Nannie, Nannie." Mrs. Duke appeared on the landing above.

"Nannie," said Duke, still chuckling, "take a good look at this man. He wants to take away from me more money than I've got!"

Thereafter Duke always referred to Few as "the hundred-million-dollar man." But the wily educator had planted a seed that matured.

Chapter XIV

Buck Turns Benefactor

WHEN DUKE DECIDED to make his bid for immortality via the charity route, he employed all the ingenuity and intelligence which had distinguished his business career. Also—was it force of habit?—the mellowing millionaire incorporated in his scheme of benefaction one or two unique and characteristic features designed to foil the tax gatherer and insure the continuing appreciation of his estate.

The rich and anticipatory Methodists, as represented by the artful educator William Preston Few, president of Trinity College, did not quite get their Hundred-Million-Dollar University. Yet Duke used the Church and the College as the keystone of his



Collectors' items in the Gay Nineties.



A tobacco men's holiday. (Seated at the left: Ben, Washington and James Buchanan Duke.)

charities, and already perhaps a half hundred Duke millions have flowed into these channels.

When Dr. Few began his campaign, Trinity College, thanks to the Dukes, had become by far the most richly endowed sectarian institution in the South Atlantic States. It had received some \$2,103,500 from the Dukes. This was just a drop in the bucket, though, compared to what brother Few had in mind. Few cultivated Buck like a man wooing a coy maiden, holding constantly before him the glory that would come to the creator of a great university and the permanent good that would result. Few was pleased to learn that the tobacco nabob, whose early contempt for book learning seemed to be lessening, had talked over the idea with advisers. One of these, George Allen, suggested that Duke back a movement to unite all the Christian sects.

"Nope," vetoed Buck. "We Methodists are the most broad-minded but it would be a mistake to try and bring all the denominations together. Competition in religion keeps up the interest."

In 1922 Few wangled \$1,000,000 out of Duke for endowment, and his hope of further largess was running high when he was taken desperately ill of pneumonia. Before lapsing into a coma, he called his wife to his bedside and dictated to her as she wrote on a yellow pad a more complete outline of the university of his dreams, directing: "Put that in an envelope and if

anything happens to me, see that it gets to J. B. Duke." Three days later, recovering consciousness, the sick man murmured weakly to his wife that he had been in a "far place" and called for the document. Before leaving for Atlantic City and a period of recuperation, Few visited Duke in New York and found the latter more receptive. A year passed. A telegram came from Duke. The Trinity president rushed to New York but returned, crestfallen. He told Mrs. Few that Duke had got hold of a liberal article written by a member of the Trinity faculty and had said: "My money won't go to advance any such socialistic ideas as public ownership." Few soothed the outraged capitalist and soon they were again in communication. The final capitulation came when Buck was assured that Trinity College would be quite willing to change its name to Duke University. Thereupon Duke donated rich millions—\$6,000,000 to start with—for physical expansion, and promised that the university would receive a third of the income from a charity trust which he would set up.

On December 8, 1924, from Charlotte, came the dramatic announcement that Duke had set aside \$40,000,000, mostly in power and tobacco stocks, to form the Duke Endowment, a perpetual trust fund, for the benefit of the people of the Carolinas, particularly those in the region served by his utilities. The income from the Endowment, Duke decreed, should be divided as follows: 20 percent to be added to capital

until an additional \$40,000,000 should be accumulated; 32 percent of the remainder to Duke University; 32 percent toward the construction of hospitals and in aiding local hospital programs (\$1 a day for every bed in every charity hospital in North and South Carolina); 5 percent to Davidson College (Presbyterian at Davidson, N. C.); 5 percent to Furman University (Baptist at Greenville, S. C.); 4 percent to Johnson C. Smith University (Negro at Charlotte, N. C.); 10 percent to North and South Carolina orphanages; 2 percent for pensions for superannuated Methodist ministers; 6 percent for new Methodist churches in rural areas; 4 percent for upkeep of these Methodist churches. Subsequently, Duke gave \$17,000,000 more to Duke University, as well as 10 percent of his residuary estate, ranking it as the tenth richest in America. Also, by direct grant and through codicils to his will, Duke added another \$40,000,000 to the Endowment which will eventually total \$120,000,000—thus classing him with Rockefeller and Carnegie as America's leading almoners.

The Endowment was to be administered by a self-perpetuating board of fifteen trustees, the first of which included Mrs. Nanaline Duke, the donor's wife, George G. Allen, William R. Perkins and other business associates.

In his initial announcement, Duke estimated at \$2,000,000 the annual income from the utility secur-

ities he was turning over to the Endowment and said this amount would increase with the growth of the country and of the power system. The formal indenture and deed of trust recommended, as the prime investment for the funds of the Endowment, the securities of the Duke Power Company and its subsidiaries, adding: "I advise the trustees that they do not change any such investment except in response to the most urgent and extraordinary necessity, and I request the trustees to see to it that at all times these companies be managed and operated by the men best qualified for such a service."

The indenture, dated three days after the first announcement, said of Duke University: "I advise that the courses at this institution be arranged, first, with special reference to the training of preachers, teachers, lawyers and physicians, because these are most in the public eye, and by precept and example can do most to uplift mankind; and second, to instruction in chemistry, economics and history, especially the lives of the great of the earth, because I believe that such subjects will most help to develop our resources, increase our wisdom and promote human happiness."

After explaining his provisions for hospitals, orphans and aged ministers, the donor set forth his broad purpose in creating the Endowment:

"I have endeavored to make provision in some measure for the needs of mankind along physical, mental

and spiritual lines, largely confining the benefactions to those sections served by these water-power developments. I might have extended this aid to other charitable objects and to other sections, but my opinion is that so doing probably would be productive of less good by reason of attempting to do too much."

In the region it was designed to benefit, news of the princely gift met mixed reception. Cynics jibed that power rates would not be lowered nor taxes on tobacco raised now that these industries were tied in with benevolence. Others suggested that the new university, being coeducational, be christened *Duke's Mixture*. Referring to that Holy Ghost which had so puzzled Wash Duke, James Boyd, author of *Drums* and other stirring tales, asked: "Why don't they call it the Father, Son and J. B. Duke University?" A critic in *The Nation* scoffed at Duke's naïveté in believing that he could build a great university as he would a factory "by going out and buying the brick and stone, the machinery and tools, and the workmen to operate them," adding this caustic observation: "He forgot that he was dealing in the most elusive commodity in the world. He could no more create ideas in this wholesale fashion than he could later create a market for them. Thus he started to build his university at the wrong end. He was distressed because North Carolina had no great school; he did not stop to discover the reason for this lack. He assumed that it was want of

money—and of money he knew he had plenty. But a careful examination of the ideas which have come out of North Carolina in the last two hundred years might have told him more. If North Carolina had no great university, it might have been that she had no desire for one. Now that one has been wished on her, it remains to be seen what she will do with it.”

However, these thrusts were drowned out in a chorus of approval. The donor himself merely grunted and said:

“I think I’ve created something that’ll last and do good for a thousand years.”

The next months were devoted to planning and spurring the building of Duke University. Duke was in his element. This was to be his monument and no previous enterprise had ever so engaged his energy and enthusiasm. His plans expanded constantly, finally emerging in the form of the most ambitious educational project in the land during this century. The old campus and plant of Trinity College, enlarged and spruced up, would be turned over to the Women’s College. Duke hoped to buy sufficient adjacent land for the new university, but the owners asked what he considered too high a price. While attention was focused upon this negotiation, Duke and his agents roamed the countryside and quietly bought up a 5,000-acre forest of rolling pine land three miles from Durham—an isolated tract where boys went to shoot rabbits. Here,

within sight of the ugly warehouses and sprawling tobacco factories of the town, would rise, upon unparalleled scale, a medieval community with great stone buildings of neo-Gothic architecture. Architect Horace Trumbauer's plans drew freely upon the best features of Oxford and of Cambridge, and Duke enthusiastically approved. Frederick Law Olmsted was commissioned to direct the landscaping.

The costliest single item of construction would be the stone, thousands upon thousands of tons. Every variety of stone was tested, from Georgian marble to New England granite. Sample walls were erected. Duke wanted to see how the stone would merge into the background. A variety of granite from Vermont seemed to be the most attractive.

"Looks all right," said Duke, "but it's going to cost like sin to haul this stuff so far. Let's see if we can't find some stone near by that will fill the bill."

Professor F. C. Brown and other geologists were sent to investigate neighboring deposits.

"Professor Brown discovered in Orange County, only a few miles away, a stone that in strength and coloring, as well as other qualities, seemed to compare well with any that had been considered," asserts John Wilber Jenkins. "Options on the quarries were secured and several carloads taken to the college and erected beside the other test walls. To the surprise of architects and builders, the local stone proved superior to that

from distant regions. Attractive in appearance, with soft touches of color that relieved the sameness of gray granite, it proved precisely what was sought. Highly pleased, Mr. Duke bought the entire deposit and surrounding property, presenting the university with a quarry of its own."

In his study of the Rockefeller benefactions, Duke had been much impressed with John D.'s emphasis upon the value of medical education and research. North Carolina had no medical college of the first rank. Dr. Few had included a medical center, with schools for the training of physicians and nurses, in his grandiose general scheme. Duke had brushed this feature aside. Now, however, he sent for Few and plied him with questions. What would a first-class medical school and hospital cost? What would be the operating expenses? What good could be accomplished in the long run? Few was ready with the answers. He said the cost would be \$10,000,000—\$4,000,000 for buildings and equipment, \$6,000,000 for endowment. "Too much," said Buck. "The university is going to cost me two or three times as much as I figured anyway. I ain't a fountain of money." Nevertheless, the millionaire's imagination continued to toy with the idea. He was still asking questions at three o'clock in the morning when he saw Few to a guest room in the Charlotte mansion. With the first flush of dawn, Few heard the flap-flap of carpet slippers in the hallway and Duke, his face

beaming, burst in. "Few," he exclaimed, "I've made up my mind! I'm going to do it! We'll have that medical center and hospital."

As finally envisioned, the university in the Carolina forest would comprise thirty-one structures in all, and the donor knew the location and the exact uses of each. One sunny day, in early Spring of 1925, Duke led his journalistic friend Ben Dixon MacNeill to the top of a plateau in the center of the pine woods and painted a verbal picture of the entire development as it would appear in a few years. From a winding driveway, connecting the old college with the new, one would enter a long, wide campus. At the right would be the newly-determined-upon medical center, with its schools of medicine and nursing and a 500-bed hospital—"the best medical center, by golly, between Baltimore and New Orleans." At the left, beyond long double rows of lecture halls, library, students' union, auditorium, would be dormitory quadrangles. Opposite the entrance, dominating everything, would be a Gothic chapel, with carillon tower modeled after that of Canterbury Cathedral, and bells that could be heard for miles. Back of the chapel and to the left, in a hollow, would be a stadium seating 35,000.

"I can see Duke now," recalls MacNeill, "as he stood there, red-faced, waving his long, thick arms and pointing with his big stick. And I could see springing

up before our eyes the university buildings as they now appear."

A few days later, in New York, Duke emerged from his town house and walked toward the curb where his chauffeur, Crocker, stood holding open the door of the ancient Rolls-Royce. Before Duke could reach the car, a process server stepped forward and thrust a legal paper into his hand. Duke glanced at the paper, paled and walked unsteadily back into the house, from which he did not emerge for three days.

The document was a summons and complaint in an action for separation and maintenance brought by his divorced first wife, Mrs. Lillian Duke. She alleged that Duke had "abandoned and deserted" her without cause, had been "wilfully and continually absent from the plaintiff for more than twenty years, and with intent not to return, and has for such period refused and neglected to provide for plaintiff's support."

In the three years since she had been defrauded of her fortune by swindler Lindsey, matters had gone from bad to worse with the first Mrs. Duke. Ill health had hampered her efforts to earn a livelihood as a music teacher. As the struggle continued, she grew more bitter against Duke, particularly when the newspapers were filled with adulatory articles about the millions he was giving to charity. Private appeals to Duke for aid having failed, the first wife went at last to an attorney, Allen Caruthers. After exhaustive study, Mr. Caruth-

ers told his client that in his opinion she had excellent grounds for a suit. He believed that the divorce decree obtained by Duke twenty years before could be set aside on the ground that the New Jersey courts improperly assumed jurisdiction. The lawyer said:

“In the divorce suit, Mrs. Duke applied for an order to stay the trial pending her appeal from an order denying her special plea in which she questioned the court’s jurisdiction. The order was applied for on the ground that if she answered she would appear generally and would be bound by the decree. But the Chancellor permitted her to file her answer under an order made in the action which reserved all her rights and which stated that ‘the filing of said answer shall not be taken as a waiver of the right of the defendant to appeal from this order or as a bar thereto.’ She was hence directed and ordered to file her answer or have judgment entered against her pro confesso. Having filed an answer under protest, we claim that she never submitted to the jurisdiction of the New Jersey court, and that the State of New York has repeatedly denied the validity of the decree of a foreign state obtained by the citizens of this State, where service was made by publication, and this position in New York State was sustained in the case of *Haddock vs. Haddock* in 201 U. S. Reports, page 562, which case went up from the State of New York. There is other precedent for cases such as that of Mrs. Duke. One is that of a divorce decree obtained in Con-

necticut which was invalidated thirty-four years later when attacked in New York."

Duke retained former Governor Nathan L. Miller to fight the case. Mrs. Duke's application was denied in the lower courts. She served notice of appeal. While the case was pending, the overwrought woman conceived the idea that all would be well if only she could see and talk with Duke. She trailed him to Durham, arriving on a Sunday morning, and, when he refused to see her, created a scene. What happened subsequently was told the writer in the autumn of 1941 by Ben MacNeill as they motored through Fayetteville and beautiful Fort Bragg in North Carolina.

Word that the first Mrs. Duke, hysterical and demanding her "rights," was in Durham reached the *News and Observer* office in Raleigh early Sunday afternoon. Proprietor Josephus Daniels sent MacNeill over to get a story which was not to see print. When the reporter arrived, he found Duke barricaded in the somber, tree-shrouded home of his brother Ben. Mrs. Duke had retreated, after regaling a group of the townspeople with an excited tale of her troubles. MacNeill rang the bell. The door, protected by a chain, was opened slightly by a frightened butler. MacNeill gave his name. The door was closed and bolted. A moment later, it was again opened cautiously and a long arm reached through and pulled the reporter inside. The arm belonged to Duke.

"I never saw a man more scared in my life," says MacNeill. "He had been drinking, and he took me into the library and brought out a bottle of whiskey. He told me that his first wife had been the most wicked influence in his life, that she was a double-crosser and thoroughly no good. He said several times: 'I wanted a son. She wouldn't give me a son.' As he drank, he became almost maudlin over his troubles and cussed a good deal. At other times, he snivelled and tears came into his eyes. Before I left, he pulled himself together somewhat and said: 'Mind you, now, you're not to print a danged word of this.' I made no promise but when I got back to the office Mr. Daniels and I decided it wasn't the sort of story that would particularly edify our readers, so I didn't write it."

This was not the Duke of old. Mentally the man whose wand was waving a great university into being seemed as keen as ever. Yet the physical dynamo which had driven his huge body with such resistless energy was running down. There were spells of lassitude. Flesh had piled up so noticeably that his wife insisted upon rigid dieting. Dr. Few, calling upon him one morning, found him breakfasting on a gill of milk and a few prunes.

In July, Duke made his last journey to the Saguenay—an inspection trip with the Mellons, Andrew and R. B., to cement their profitable aluminum deal. The latter part of the month found him in the Piedmont

where a record drought was impeding production of electric current. At Newport, in August, he collapsed with what appeared to be a general breakdown. The doctors diagnosed the trouble as pernicious anemia, put the patient to bed and in September moved him by ambulance to his New York home, with instructions to abandon all thought of business. As well direct the sun to stand still. Buck compromised by having business brought to him rather than going to it. When the nurses found him awake in the middle of the night, he'd say, "Don't bother me, I am laying out the university grounds"; or, "I'm planning where to put that lake."

For a time the sick man seemed to improve. But the end of the road was in sight. Though he did not know it, Buck Duke at last was facing an opponent with whom he could not make a deal.

Chapter XV

Curtain and Aftermath

IN THE SAME WEEK of December, 1924, in which he formally launched the Duke Endowment with an initial gift of \$40,000,000, Buck Duke propped his game foot on a pillow and dictated a last will and testament to his legal fidus Achates, the little Virginian, W. R. Perkins. This document, conceived and executed by a layman, has since won admiring, if a bit envious, comment from leading corporation lawyers and other authorities in testamentary dispositions. For, by the simple expedient of linking the inheritance of his daughter and chief legatee to his charity trust, Duke sought, so far as humanly possible, to insure for his only child a continually increasing fortune. By willing large

and similar blocks of tobacco and utility securities both to the Endowment and to his daughter (and interrelating these bequests), Duke felt that North Carolina would hesitate in imposing future burdensome taxes upon his tobacco and power holdings, since, in effect, the State would be taxing its own educational and charitable institutions. Thus far, the stratagem has worked brilliantly. The thirteen-year-old Doris Duke of 1925 is now, at thirty and as the wife of James H. R. Cromwell, mistress of wealth estimated at \$250,000,-000.

Having insured his daughter's future, Duke prepared to ring down the curtain upon his own turbulent career. Lying upon his rare Louis XV bed in the white marble mansion on Fifth Avenue in the heavy, muggy days of September, 1925, realization came to the farmer's son that he was not to recover from the debilitating and mystifying disease the doctors called pernicious anemia. There was one unfinished piece of business on his mind. On the last day of September, he summoned his executive handyman, George Allen.

"Allen," he said, "I don't think I've given Duke University enough money to complete the building program I have in mind. I figure they'll need about \$7,000,000 more. Get Perkins up here tomorrow."

Hence, under date of October 1st, Duke executed a codicil to his will, providing an additional \$7,000,000



James Buchanan Duke in bronze, cigar in hand, dominates the scene at Duke University.



James Buchanan Duke's last resting place in the chapel at Duke University.

to the institution which his enemies said was the ace card in his campaign to become a saint.

This was Duke's last exercise of authority over his own destiny. Hypostatic pneumonia had set in and, though there was a momentary flutter of apparent improvement, the patient gradually slipped into a coma and died at dusk on Saturday, October 10, 1925.

On Monday a private funeral service, without sermon or eulogy, was held in the Fifth Avenue mansion for the family, friends and business associates, to the number of several score. Ben Duke, ill at his home near by, was unable to attend. The Rev. Dr. Raymond L. Forman, pastor of St. Paul's Methodist Episcopal Church in New York, read Whittier's poem "Eternal Goodness," the Twenty-Third Psalm and the fourteenth chapter of St. John, and, in his prayer, spoke of Duke as one who "out of a wise mind and compassionate heart invested his goods to serve the generations yet to come."

Outside a great crowd had gathered, attracted by the richly dressed mourners, the long line of waiting limousines and other panoply of wealth. It was then, while the police held in check the curious and the morbid, that Lillian McCredy Duke mounted a knoll in Central Park, directly across the way, impelled by memories and uncontrollable emotion to witness as much as she could of a ceremony in which she was permitted no part. Through tear-dimmed eyes, the

divorced wife saw the huge bronze casket lifted laboriously into a hearse and the start of an impressive procession that would escort the body to a special train bound for Durham. Then, scarcely able to walk, she made her way to the meager chamber in a West Side rooming house which she now called home.

The seven-car funeral special arrived in Durham early on the morning of Tuesday, October 13th. The citizens of the town, to most of whom for many years Duke had been merely a financial abstraction, and the 1,400 students of Duke University, until recently Trinity College, had been prepared for a great event. Mourning bands and wreaths of flowers had been distributed among the students. The Durham public schools were closed, and stores and factories requested to suspend business during the hour of the funeral. Under a blanket of orchids, ferns and yellow roses, the Benefactor lay in state in East Duke Building for an hour and a half while students and faculty filed past. A dozen of the huskiest athletes were assigned to carry the 1,500-pound casket into the Duke Memorial Church, where brief services were solemnized at eleven o'clock. All seats in this small edifice, a stone's throw from Wash Duke's first "city" factory, were reserved for the family, members of the Duke Endowment, trustees of Duke University and important faculty members. There was no room for the general public.

As the family entered the church, a selected choir

of Durham's best voices sang "How Firm a Foundation." Dean Edmund D. Soper of the School of Religious Education read the Methodist funeral service. The congregation sang "Abide with Me." As the casket was borne out, the choir rendered "Nearer, My God, to Thee." The procession passed through a double line of Duke students to Maplewood Cemetery, where the body was placed in a mausoleum which contained the remains of Washington Duke, his son Brodie, Elizabeth Roney (Aunt Betty) and several other members of the family. At signal, the Duke students banked their floral offerings about the tomb while the choir sang "Lead Kindly Light."

Tributes and appraisals of Duke poured in from a thousand sources.

"With Duke's passing," said the old and distinguished trade journal, *The Tobacco Leaf*, "there goes out of this world the most remarkable figure that the tobacco trade has ever produced. Nor is that phrase entirely apt, because it was James B. Duke who developed the tobacco business, and not the tobacco business that developed Duke. Without a doubt it was James B. Duke who started the cigarette industry on its upward climb in this country, for he was the first in the tobacco business to vision the possibilities of big and costly advertising. We believe that occasionally advertising actually develops national characteristics; and as Wrigley may be said to have made the United States a

nation of gum chewers, so James B. Duke pioneered in the process of making America a nation of cigarette smokers. Not only his influence on the mechanics and merchandising of tobacco products, but his influence on the personal habits of the people will be manifest for years and perhaps through many forthcoming generations."

The *New York World* commented editorially:

The late James B. Duke's fortune was built by business enterprise upon a scale unique in the South. The family of which he was the ablest member began establishing the Piedmont tobacco industry in the same post-war years in which young Carnegie in Pittsburgh was revolutionizing the steel business, in which Rockefeller in Cleveland was organizing the Standard Oil, in which Frick was making Connellsville the nation's coke center, in which Agassiz and Higginson were building the Michigan copper industry. Duke consciously took Rockefeller for his model. He saw no reason why the tobacco business could not be organized with the same boldness as the oil business.

The qualities of shrewdness and energy that stamped these Northern men marked Duke as well. He was quick to seize opportunity in such shapes as the pasteboard cigarette box and the cigarette-rolling machine; he saw the value of nation-wide advertising, and he pushed his consolidation schemes until the Government had to break up the trust he headed. More than any other man he made America a nation that smokes cigarettes by the hundred million. Having given the South a tobacco industry it had

never dreamed of, he turned to other fields of Southern development.

Indeed, Duke will be longest remembered as one of the builders of the new South and especially of the new North Carolina. It would be hard to name a rich American who has done so much to re-create his native State. He gave \$40,000,000 to a university which he hoped would yet rival Harvard and Yale. He led in the development of its water-power and helped make it second only to Massachusetts in the number of its cotton spindles. North Carolina, recently one of the poorest and most backward of States, is now one of the busiest and most progressive. Duke may yet stand as the first representative figure in a great new Southern industrial era.

While the name and fame of Duke were echoing throughout the land, a tragedy of peculiar poignancy occurred in his first wife's shabby studio at 125 West 88th Street, New York. Following her return from witnessing the passage of her former husband's funeral cortège, Mrs. Lillian Duke suffered excruciating headaches, culminating in a cerebral hemorrhage. Hours later fellow lodgers discovered her unconscious and summoned neighborhood physicians, who said her condition was hopeless. They said, too, that the stricken woman evidently was suffering from malnutrition. The only food in the room was a single egg, though a pet Mexican hairless dog seemed well nourished.

Without recovering consciousness, Mrs. Duke died on the evening of Saturday, October 24th, a fortnight, almost to the minute, after the passing of the man whose life had been linked so long and so intimately with her own. The following Tuesday, in the presence of a mere handful of mourners, she was buried from a West Side funeral parlor. There was no music, no eulogy. Two motor cars, containing about six persons, followed the hearse to Greenwood Cemetery in Brooklyn, where Mrs. Duke was laid to rest in the plot of her father, Addison C. Fletcher.

No mention of Mrs. Lillian Duke was made in the remarkable document which was Buck Duke's last will and testament. However, the second wife, Mrs. Nana-line Duke, was left \$100,000 a year, plus life use of the New York town house, Rough Point in Newport and Lynnewood, the arbored retreat in Myers Park, Charlotte, North Carolina, as well as art objects, valuable tapestries stored with Duveen Brothers and four automobiles. Duke Farms, the mammoth estate in Hillsborough township near Somerville, New Jersey, was left outright to the daughter, who also was to inherit the other residences upon the death of her mother.

Two trusts were set up for the benefit of the daughter. The smaller, assuring her of plenty of pocket money, set aside a third of the residuary estate for her, to be paid in three instalments: at twenty-one years of age, at twenty-five and at thirty. These payments, the

last falling due November 22, 1942, have totaled some \$30,000,000.

The main bequest to the daughter, however, was to be administered through an ingenious creation, designated as "The Doris Duke Trust." To this trust were assigned 125,000 shares of the Duke Power Company (a larger block than had been turned over to the Duke Endowment) and certain other securities. Two-thirds of the income from the Doris Duke Trust was to go to the daughter, one-third to the testator's nieces and nephews and their descendants, including the three children of his half-brother Brodie. This provision occasioned some surprise, as Brodie had been in bitter feud with Buck for many years, and neither Buck nor Ben Duke had been present at Brodie's funeral in February, 1919. The Doris Duke Trust was to continue until twenty-one years after the death of the last beneficiary "now living," the principal then to be distributed among the surviving heirs. Should no beneficiary or lineal descendant survive, the "funds and properties" were to go to the Duke Endowment.

Additional specific bequests included the promised \$10,000,000 for a medical center and hospital at Duke University and \$7,000,000 more for the university building program. The remainder of the residuary estate was left to the Duke Endowment, on the same terms as the original gift, but with the proviso that 90 percent of the income be devoted to "maintaining and

securing" hospitals and 10 percent to Duke University.

Named as executors of the will were the widow, George G. Allen and William R. Perkins. Their first accounting, filed in Somerset County, New Jersey, Surrogate's Court in 1927, valued the estate at \$89,704,859.60. The final accounting, filed in 1934, showed the estate had grown to \$133,389,422.65, exclusive of real estate. In tax proceedings instituted in 1941 by Hillsborough township, the intangible assets of Duke's daughter and of the Duke Endowment, of which, it is set forth, she is a beneficiary and trustee, was placed at \$222,426,438. The township taxed the Duke heiress the modest sum of \$13,834,924. Amateur statisticians calculated that if the claim is finally allowed by the courts, Hillsborough could operate for about 130 years without collecting taxes from any other source.

Testifying before a Master of Chancery in 1942, Duke's daughter, who married Mrs. E. T. Stotesbury's son "Jimmy" Cromwell in 1935, expressed surprising ignorance about the extent and management of her wealth. She said she signed papers without reading them and left her financial affairs to a business manager. Of one thing, though, she was sure: that she had permanently transferred her residence from New Jersey to Hawaii. As soon as conditions would permit, she said, she expected to return to her lovely bay-front villa near Honolulu.

Spectators at the hearing saw a sophisticated, self-possessed young woman wearing a wine-colored wool suit, a black snood covering her blond hair and a black ascot scarf. Her only jewelry was a crystal bar pin and a single ring. In manner and appearance she was as different as could be from the gawky, self-conscious, ugly duckling who used to ride her pony over the drive-ways at Duke Farms and disappear down a side path at slightest suspicion of prying eyes. Governesses, travel, the companionship of a few chums at Brearly School who called her "Dee-Dee," the devoted guidance of her secretary and "second mother," Marian Paschal, and the homage wealth almost universally commands had wrought the transformation.

It was while Doris Cromwell was at her Hawaiian retreat in July, 1940, that she gave premature birth to a daughter, who died twenty-four hours later in Queens Hospital, Honolulu. Her husband, who was in New Mexico on a pack trip, abandoned plans to attend the Democratic National Convention in Chicago and raced to the bedside of his wife by automobile, train, and Pacific Clipper.

Doris Cromwell has shown some interest in public service. In 1936, when her husband had hopes of winning high place in politics, she contributed \$50,000 to the Democratic national campaign fund, an act which probably caused her father, whose unyielding Republicanism was a fetish, to turn in his tomb. Later she

visited some government homestead projects in the coal-mining region of West Virginia with Mrs. Eleanor Roosevelt. In 1938, she accepted a non-salaried post as a member of the New Jersey Board of Control of State Institutions and Agencies but resigned after putting in a few rounds inspecting penal and correctional institutions. More than once, when forced to listen to the treacle poured over her father's memory by certain preachers, professors, and orphanage superintendents, the young woman has yawned in boredom, or even muttered of a particularly sycophantic ranter: "Damned old hypocrite!"

Duke's will provided a fund of \$2,000,000, to be divided among the children and grandchildren of the brothers and sisters of Duke's father and mother. At once there was a mad scramble. Both the Dukes and the Roneys had been exceedingly prolific. Claims to the number of 697 poured in upon the harassed executors, who had to set up a special bureau to deal with them. After two years and protracted hearings, enlivened with charges and countercharges of forgery and intimidation, 530 claims were thrown out, 167 allowed. The successful claimants, mostly residents of Western states, each received \$11,976 by order of the Somerset County Surrogate's Court.

A stubborn battle for inclusion was waged by the descendants of one Thomas Duke, a backwoods preacher, who had migrated from North Carolina to

Georgia early in the nineteenth century. Before hark-
ing to the call of the gospel, this reverend gentleman
was a fist fighter, widely known as the Georgia Bully.
The Thomas Duke group, ninety-two in all, were led
by Elizabeth Duke, a Wichita Falls, Texas, telephone
supervisor, who presented their claims in Somerset
County Orphans' Court. These contestants were ac-
cused of forging entries in a family Bible and inserting
spurious biographical sketches in two volumes of
genealogy in an effort to prove that Rev. Thomas Duke
was a brother of Washington Duke. In rebuttal Mrs.
Sallie H. Garard of Durham testified that she was a
granddaughter of William J. (Uncle Billy) Duke and
that there was no Thomas in the family. Similar testi-
mony was given by Mrs. J. C. Angier of Durham,
daughter of Wash Duke's brother, John Taylor (he
who had taken French leave from Billy Duke's farm),
and an authority on the family. On May 21, 1928,
Judge John A. Frech decided against Elizabeth Duke
and her group and signed an order authorizing the
forthright distribution of the \$2,000,000 fund to the
167 approved heirs. Thus ended the wranglings of the
relatives. One may imagine Buck Duke's sardonic dis-
taste if he could have foretold the bickering and un-
seemly greed that would attend his efforts to provide
nest eggs for his kin.

However, better luck attended the main Duke
benefactions. These have been put into practical, and

for the most part, useful operation. In the Autumn of 1930, Duke University moved out from Durham to its new home in the fragrant pine forest, leaving Wash Duke in bronze to preside over the old Trinity campus, now given over to the co-ordinate College for Women. Wash sits in lonely grandeur, his gnarled hands gripping the rests of a fringed armchair.

Although the college in the clearing—Buck's monument—still wears an air of newness, its sandy campus is now carpeted in green, and the institutional effect of the buildings, with their narrow, prison-like windows, has been gradually softened by clusters of thickening ivy. Under astute President Few (who died in October, 1940, at 72) and his successor, amiable, smiling Dr. Robert Lee Flowers, standards of scholarship have steadily improved. The 2,000 male undergraduates and as many more students in the Women's College and Schools of Medicine, Law, Religion, Engineering, Forestry and the Graduate School are drawn from every State in the Union and from many foreign countries. The university has also produced champion football teams. The medical school and hospital was dedicated in April, 1931, in the presence of a distinguished company of medical educators, including the deans of Harvard and Johns Hopkins medical schools and the late Dr. William Henry ("Popsy") Welch, jovial and beloved dean of American medicine. The trained specialists gave critical approval of the laboratories and

lecture rooms, the shop for fashioning braces and crutches, the 500-bed hospital (a third for Negroes), the fifty bassinets for infants. While no earth-shaking discoveries have yet come from its research men, the medical center has amply demonstrated its worth. Its director from the beginning has been able, humorful pediatrician, Wilbur Cornell Davison, M. D., Princeton, '13, Oxford Rhodes scholar, Johns Hopkins professor.

Although his pious and worshipful almoners have not yet succeeded in their ceaseless efforts to place a halo about the hardbitten head of Buck Duke, the Duke Endowment has become an overshadowing social factor in the Carolinas. It has built or assisted hundreds of rural Methodist churches, scores of hospitals. Dr. Watson Smith Rankin, one-time dean of Wake Forest College (N. C.) School of Medicine and secretary of the North Carolina State Board of Health, is director of the Endowment's hospital program. Since young manhood he has preached the need of better medical facilities in sparsely settled sections, his shibboleth being: a county with ten doctors and one hospital can maintain better health standards than one with twenty doctors and no hospital. Rankin has made able and magnificent use of the Duke monies allotted to him. Thousands of Piedmont farm folk, who never dreamed that doctoring was for the likes of them, have been benefited.

During its first fifteen years of operation, the Duke Endowment received income from dividends, interest on securities etc., of \$57,901,865.66, of which 35.86 percent, or \$20,766,117.15, represents dividends from holdings in the Duke Power Company. Administrative and other expenses, including compensation of trustees, amounted to \$2,635,413.50, leaving a net income of \$55,266,452.16. The sum of \$13,696,014.45 was added to the corpus of the trust in accordance with the Trust Indenture. Of the balance available for distribution—\$41,570,437.71—the following disbursements and allocations were voted:

Duke University	\$18,007,284.27
Hospitals	13,013,341.03
Davidson College	974,007.21
Furman University	975,032.77
Johnson C. Smith University	718,269.73
Orphanages	1,669,142.95
Superannuated Methodist preachers	350,691.50
Building rural Methodist churches	572,284.79
Operating rural Methodist churches	659,892.84
	<hr/>
	\$36,939,947.09
Reserve fund	\$ 2,229,867.96
Balance retained for current hospital and orphan care etc.	\$ 2,400,622.66

The consolidated report, from which the above figures are drawn, lists the Duke Endowment's prime investments as follows:

26,369 shares Aluminum Limited, common.
 102,476 shares Aluminum Company of America, 6
 percent preferred.
 61,637 shares Aluminum Company of America, com-
 mon.
 1,381 shares Duke Power Company, 7 percent pre-
 ferred.
 386,588 shares Duke Power Company, common.
 17,175 shares Liggett & Myers Tobacco Company,
 common.
 8,451 shares Liggett & Myers Tobacco Company,
 "B" common.
 20,545 shares Niagara Hudson Power Corporation,
 common.
 19,031 shares Piedmont & Northern Railway Com-
 pany.
 22,540 shares Saguenay Power Company, Ltd.
 71,664 shares U. S. Tobacco Company, common.
 31,197 Garland Steamship Corporation, common.
 Also \$5,278,479.35 in bonds, mostly Duke Power Com-
 pany 3½'s and 4 percent.

The Foundation and Duke Estate—the two forming
 one of the mightiest reservoirs of capital in America—
 occupy offices at 630 Fifth Avenue, New York. Alter-
 nate headquarters are in Charlotte, North Carolina.
 The Foundation trustees meet monthly, either in New
 York or in Charlotte. George G. Allen is chairman,
 W. R. Perkins vice-chairman. Other trustees include
 Norman A. Cocke, Walter C. Parker and W. S. O'Ban-

non Robinson, Jr., veteran officials of the Duke Power Company; President Flowers of Duke University; Dr. Watson S. Rankin; William N. Reynolds of the R. J. Reynolds Tobacco Company; and President Bennette Eugene Geer of the Southern Worsted Corporation. The only women members are Mrs. Nanaline Duke and her daughter, Mrs. Cromwell. The latter seldom attends a meeting. Mrs. Duke ignores the North Carolina sessions but generally appears at the New York meetings, and shrewdly examines even the smallest items of disbursement. Indeed, the widow Duke has a reputation generally for petty frugalities and bargain hunting, traits stemming perhaps from her childhood struggle with poverty. Wealth has not brought her happiness. "I am just a lonely old woman," she recently told a friend.

Until 1930, Duke's nephew by marriage, Anthony Joseph Drexel Biddle, was an active trustee. Then Biddle's union with Mary Duke went on the rocks and he resigned. After his divorce from Ben Duke's only daughter, Tony Biddle married Mrs. Thompson Schultze, copper heiress, and thereafter devoted his talents to diplomacy. He now represents the United States as envoy to the governments in exile in England.

After a long period of nervous and physical illness, Mary Duke Biddle settled down to the hobby of glorifying her family, particularly Uncle Buck. She bought the old Duke Homestead, which Wash built for his

bride 'Telia Roney, had it prettied up and restored, filled with period furniture and mementoes and presented it to Duke University. It is now used as a shrine and the stage-set for a legend which in time it is hoped will be softened. On fair Sundays the public is admitted, but there has been no great rush of the reverend and the curious. However, in late September the old place has a peculiar attraction for the few Duke University officials who possess keys to the padlocked gate at the entrance. For, between the house and the spring, is a large grape arbor planted by Wash Duke and still yielding scuppernongs of indescribably luscious flavor. The writer and his wife were enjoying some of these (by invitation) one afternoon when a car drove up and two gentlemen with eager, boyish expressions joined the raid on the arbor. Introduced by our host, they turned out to be President Flowers and Dean Davison of the Duke Medical School. For the next hour five persons, at least, entertained the kindest thoughts toward old Wash Duke.

Near by were the tall steel supports of the Duke Power Company's high-tension lines, and across the fields acres of storage barns where Liggett & Myers ages its tobacco in hogsheads.

In the distance, clear and strong in the September sunlight, could be seen the tower of Duke University's huge, cathedral-like chapel, rising to a height of 210 feet. Behind a locked iron grill, in a quiet corner of this

vast edifice, rest the three Dukes—Washington, Ben, who died in 1929, and Buck. They lie in a row under life-sized marble effigies of themselves in solid and rich sarcophagi, carved by Charles Keck. On Ben's sarcophagus is carved the Duke coat of arms, so laboriously obtained. Even in the cold, impersonal marble, Buck seems to dominate the group.

And outside, on the campus in the clearing, in ageless bronze, stands the Great Man, cigar in one hand, cane in the other, as in life. The beautiful chimes from the tower ring out the hours, far beyond the impressive Gothic buildings and into the heart of the surrounding forest. James Buchanan Duke seems to be surveying his last great achievement and finding it good.

Index

- Acker, Merrall & Condit, 198, 227
Adkin & Sons, 141
"Admiral," 126
Agassiz, 312
Aldrich, Senator Nelson W., 121
Allen & Ginter, 62, 70, 72, 74, 75,
76, 78, 161, 193
Allen, George Garland, 138, 253,
271, 272, 280, 293, 295, 308, 323
Aluminum Company of America
(Alcoa), 269, 271, 272, 273, 274,
323
Aluminum Trust, 273
American Beauty, 193
American Cigar Company, 115,
116, 148, 158, 214
American Snuff Company, 214
American Stogie, 158
American Tobacco Company, 75-
87, 92-110, 115, 119-132, 144, 146,
157-161, 168, 174, 180, 182, 190,
193, 198, 205, 207, 214, 216, 217,
222, 223, 230-234, 240, 242, 243,
249-252, 256, 260, 280
American Tobacco Company of
Canada, 129
Anargyros, S., 114, 192
Angier, Mrs. J. C., 319
Angier, "Squire" Malbourne Ad-
dison, 36, 57, 67
Apple Jack, 196
Arents, George, 75, 123, 161, 215
Arrow Head, 221
Atlantic Snuff Company, 110
Autumn, 196
Automatic Packing and Labeling
Machine, 109
Bachman, Senator M. L., 186
Bail, Mrs. Louise, 184, 185

- Baker, George F., 278
Baltic, 169
 Battle Ax, 83, 95, 96, 196
 Baush Machine Tool Company, 269
 Bedrossian Brothers, 47
 Beerbaum Co., 235
 Bellevue Hospital, 188
 Belmont, Mrs. Perry, 209
 Bennett, L. L., 25
 Berwind, Edward, 276
 Best Flavored Eureka Spanish Smoking Tobacco, 26
 "Between the Acts," 87
 Biddle, Anthony J. Drexel, 262
 Biddle, A. J. Drexel, Jr., 263, 324
 Big Gun, 196
 Big Lump, 196
 Black Bass, 196
 Black Diamond, 196
 Blackwell, William T., 36, 37, 44, 45, 46, 103, 106, 107, 108
 Bonanza Coal Company, 221
 Bonderson, Louise, 178
 Bonsach, James, 54, 55
 Bonsach Machine Company, 79
 Boon, 196
 Boston, 196
 Boyd, James, 297
 Boyd, White & Company, 107
 Bradley, Edson, 276
 Brady, Anthony N., 102, 119, 122, 123, 161, 215, 245
 Brake, Jesse, 205
 Brandywine, 196
 Branson, W. H., 204
 Brearly School, 317
 Bright, J. O., 229
 British-American Tobacco Company, 146, 147, 148, 150, 152, 153, 193, 214, 215, 222, 253, 256
 Brown Brothers, 99, 100
 Brown, Paul, 102, 123, 161
 Brown, Professor F. C., 299
 Brown's Mule, 111, 195
 Bull Durham, 36, 44, 45, 46, 48, 60, 61, 103, 104, 107, 108, 132, 192, 249
 Bullion, 196
 Burley Cable, 196
 Burns Petit Duc, 226, 227
 Burrell, Dr. David J., 210
 Burr Oak, 196
 Butler, J. G., Tobacco Company, 94
 Butler & Butler, 228
 Butler, W. H., 75, 77, 92, 93, 102, 104, 105
 Butler's Big Fig, 196
 Button, 196
 Cable, 196
 Cairo, 258
 Calvin White Toms, 250
 Cambridge University, 299
 Camel, 242, 259, 260, 261
 "Cameo," 49, 62, 66
 Camp Holmes, 22
 Canadian Manufacturing and Development Company, 272
 Capstan, 132
 Carlyle, Thomas, 44
 Carnegie, Andrew, 4, 295, 312
 Carr, Dr. A. G., 165, 166
 Carr, Julian Shakespeare, 36, 37, 44, 46, 104
 Carson, Sewell & Co., 229
 Carter, W. M., 222
 Caruthers, Allen, 302, 303
 Champion, 196
 Chappelle, C. F., 229
 Chesterfield, 260, 261
 Chinese Robbers' Guild, 134, 136
Cincinnati Inquirer, 65
 Clark, Alvah A., 173
 Clark, Justice Walter, 201, 202, 203, 204, 206

- Clarke, William, & Son, 141
 Clay, Henry, & Bock & Company, 198
 Climax, 96, 196
 Clinton, Jesse, 16
 Clinton, John, 14
 Clinton, Rachel, 16
 Cobb, John Blackwell, 102, 116, 160, 161, 211
 Cocke, Norman A., 323
 Coe, Rev. Dr. W. W., 187
 Coleman's Mustard, 37
 Collins, Dapper Don, 277
Commercial and Financial Chronicle, 129
 Conдах, 258
 Consolidated Cigarette, 87
 Consolidated Stock Exchange (Phila.), 168
 Consolidated Tobacco, 119-125, 138, 157-160
Constitution, 50
 Continental Tobacco Company, 101, 102, 105, 106, 110, 111, 115, 119, 120, 122, 123, 124, 157, 159, 160
 Conway, H. L., & Brothers, 228
 Cook, Henry H., 210
 Copper Trust, 163
 Cordish, I., & Co., 229
 Cortelyou, Republican National Chairman, 208
 Coupon, 193
 Craft, Augustus, 219, 220
 Craft Tobacco Company, 219, 220
 Crane, 196
 Cremo cigars, 235, 236
 Crewe, Lord, 254
 Cromwell, James H. R., 308, 316, 317
 "Cross Cut," 49, 62, 65, 66
 Crowell Publishing Company, 62
 Cycle, 193
 Daniels, Jonathan, 281
 Daniels, Josephus, 98, 194, 198, 205, 244, 245, 284, 304, 305
 —Autobiography of, 98
 Davidson College, 295, 322
 Davis, Arthur V., 271, 272, 273, 274
 Davis, F. A., & Son, 209
 Davis, Mrs. Lillian, 178
 Davison, Dean, 325
 Davison, Wilbur Cornell, 321
 Deiches, Wm., & Co., 229
 Deities, 114
 de Reszke, Jean, 89
 Dewey, Commodore, 132
 Dillard, Jefferson, 15
 Dill's Best, 226
 Doerhoefer, Basil, 83, 84, 102
 Dolan, Thomas, 102, 106, 161
Doris, 271, 281, 290
 "Doris Duke Trust," 315
 Double Five, 196
 Drummond, Harrison I., 102
 Drummond's Natural Leaf, 196
 Drummond Tobacco Company, 94, 100, 117, 139, 194, 195, 196
Drums (James Boyd), 297
 Duke, Amelia, 7, 14
 Duke, Angier Buchanan, 167, 262, 289
 Duke, Artelia Roney, 17, 18, 19, 20, 325
 Duke, Benjamin Newton, 18, 19, 20, 22, 31, 38, 39, 40, 57, 67, 68, 75, 77, 86, 91, 117, 123, 161, 166, 167, 181, 187, 198, 208, 215, 248, 250, 262, 280, 289, 290, 291, 304, 309, 315, 324, 326
 Duke, B. Lawrence, 188
 Duke, Brodie Lawrence, 17, 20-22, 35-37, 39, 45, 68, 77, 185-189, 246-248, 311, 315
 Duke, Cordelia Biddle, 262, 289
 Duke, Dicey Jones, 6-8, 17

- Duke, Doctor Brodie, 7, 14
 Duke, Doris, 253, 275, 285, 308, 314-318, 324
 Duke, Elizabeth, 319
 Duke Endowment, 294-296, 307, 308, 310, 315-316, 321-323
 Duke, Hardiman, 6
 Duke, Henry, 6
 Duke, James Buchanan (Buck), *passim*
 Duke, John Taylor, 7, 13, 41, 42, 319
 Duke, Kirkland R., 7, 14
 Duke Land & Improvement Company, 186
 Duke, Lida (Mrs. John C. Angier), 41, 42
 Duke, Lillian Fletcher McCredy, 4, 89-91, 105, 117, 164, 166-185, 210, 248, 277-280, 302-305, 309-310, 313-314
 Duke, Lillie, 42
 Duke, Malinda, 7, 14, 17
 Duke, Martha McMannen, 45
 Duke, Mary (Mrs. Anthony J. Drexel Biddle, Jr.), 18, 22, 31, 38, 57, 91, 167, 262, 263, 324
 Duke, Mary Caroline Clinton, 16
 Duke, Mrs. Minnie Woodard, 186, 187
 Duke, Mrs. Nanaline Holt Inman, 208-211, 253, 275-277, 289, 291, 314, 324
 "Duke of Durham," 35, 38, 48, 62
 Duke (Southern) Power Company, 263, 265, 296, 315, 322, 323, 324, 325
 Duke, Reany, 7, 14
 Duke, Robert (the first), 6
 Duke, Robert, 7, 14, 17, 21
 Duke, Sarah Pearson, 57, 67
 "Duke's Mixture," 37, 103
 Duke, Susannah, 6
 Duke, Sydney T., 16, 17, 19
 Duke, Taylor, 6, 7, 8, 9, 11, 17
 Duke, Thomas (Georgia Bully), 318, 319
 Duke, Tyree, 6
 Duke University, 294-301, 308, 310, 311, 315-316, 320-321, 322, 324, 325
 Duke, Washington, 7, 12, 13, 14, 16-23, 28-43, 58, 67, 68, 86, 88, 98, 99, 149, 165-167, 169, 180, 186, 200-202, 297, 310, 311, 319, 320, 324, 325, 326
 Duke, William J. (Uncle Billy), 7, 9-17, 21, 35, 42, 319
 Duke, Woodard, 186
 Duke, W., Sons & Company, 39, 43, 44, 48, 52, 54, 55, 65, 67, 72, 75, 76, 185, 250
 Duke, Wylanta Roschelle, 247, 248
 Dula, Caleb C., 99, 116, 139, 160, 161, 170, 174, 175, 219, 220, 221, 229, 234, 236, 237, 250
 Dula, Robert B., 99, 102, 116, 123, 161, 211
 Durham Belt Line Railway, 186
 Durham, Dr. Bartlett, 24
 Durham Tobacco Company, 103, 106, 107, 108
 Dureen Brothers, 314
 Early Bird, 111, 195
 Egyptian Deities, 258
 Elkins, W. L., 106, 123
 Eastman National School of Business, 38, 131
 Edwards, E. S., 221
 Edwards, Ringer & Bigg, 140
 Ellis, Herman, 87
 Elon College (N. C.), 20
 Emery, Charles G., 75, 77
 Estabrook & Eaton, 223
 Estabrook, Frederick, 223

- Fancy Chew, 196
 Fatima, 250
 Ferst's, M., Sons & Co., 235
 Few, Dr. William Preston, 290,
 291, 292-294, 300, 305, 320
 Few, Mrs. William Preston, 294
 Finzer, John, and Brothers, 94, 101
 Five A., 196
 Fletcher, Addison C., 314
 Floradora Tag Company, 127
 Florida Cigar & Tobacco Co., 236
 Flowers, Robert Lee, 320, 324, 325
 Ford, Henry, 269, 286
 Forget-Me-Not, 196
 Forman, Rev. Dr. Raymond, 309
 Franklyn, Davey & Company, 140
 Frech, Judge John A., 319
 Frick, 312
 Fuller, Williamson Whitehead, 75,
 100, 145, 159, 170, 173, 211, 215,
 280
 Funston, General Fred, 132, 133
 Furman University, 295, 322

 Gail, George W., 84
 Gail, G. W., & Ax, 84, 110
 Galbraith, Mr., 229, 230
 Garard, Mrs. Sallie H., 319
 Garland Steamship Corporation,
 323
 Garrett, W. E., & Sons, Inc., 110
 Gattis, Rev. Thomas Jefferson,
 201, 203, 204
 Geer, Bennette Eugene, 324
 Ginter, Major Lewis, 74, 75, 77,
 78, 92, 93
Globe Democrat (St. Louis), 51
 Gold Coin, 196
 Gold Crumb, 220
 Goldman, Sachs, 70
 Gold Rope, 196
 Good Luck, 196
 Goodwin & Company, 70, 72, 75,
 76

 Grady, Henry W., 281, 282
 Granger, 196, 250
 Grant, General U. S., 24, 25
 Great Northern, 158
 Green, John Ruffin, 26, 29, 37
 Green River Tobacco, 217
 Green Turtle, 196
 Gridley, Captain Charles Vernon,
 132
 Grimes, Col. J. Bryan, 205
 Grissom, Rev. W. L., 12
 Guilford College, 38

 Haggin, J. B., 267
 Hall, Thomas H., 87
 Halliwell, Charles E., 160, 161
 Hanes Natural Leaf, 195
 Hanna, Mark, 156
 Happy Thought, 196
 Harris, W. R., 117, 139, 160, 161,
 211, 253
 Harvard University, 107, 313, 320
 Haskell, Col. W. L., 247
 Haskell, George D., 269-274
 Hassan, 258
 Havana-American Company, 115,
 126
 Havana Commercial Company,
 148
 Havana Tobacco Company, 148
 Hay, John, 130
 H. de Cabañas y Carbajal, Inc.,
 148
 Helman, 258
 Helme, George A., 161
 Helme, George W., Company,
 111
 Herndon, Alex, 91
 Heyneman, Herman, 220, 232
 Higginson, 312
 Hignett's Tobacco Company, 141
 Hignett Brothers & Company, 141
 Hill Billy, 111
 Hill, George Washington, 251, 252

- Hill, Percival Smith, 103, 107-108,
126, 160, 161, 211, 219, 220, 222-
234, 249-251
- Hobby, 196
- Holt, Mrs. William, 210
- Home Run, 193, 259
- "Honest Long Cut," 70, 196, 217,
218
- Honey Dip, 196
- Horseshoe, 100, 196
- Horsley, Miss Mary, 247
- Hossenlopp, J. J. A., 118
- Houghtaling, G., & Company, 62
- Hudson, C. I., and Company, 118
- Huntoon, Frank T. ("Major"),
171-184
- Imperial Tobacco Company, 141,
143, 146, 147, 215, 218, 230
- Inman, Walker Patterson, 210,
276, 277
- Inman, Walter, 208, 209
- Inskip, James, 145
- International Cigar Machinery
Company, 197
- International Tobacco Workers'
Union, 192, 219
- Ivanhoe, 196
- Jack Spratt, 196
- Jacob, Dr. Joseph, 49, 50
- Jasmatzi, George A., Ltd., 129
- Jenkins, John Wilber, 64, 299
- Jenny Lind Coal Company, 221
- Johns Hopkins, 320, 321
- Johnson C. Smith University, 295,
322
- Johnston, General Joseph E., 24,
25, 29
- Jolly Tar, 196
- Jones, Kilgo-Gattis Controversy,
204
- Jordan, Brown, 36
- Josty, J., Jr., 229
- Kalisch, Samuel, 173-175
- Keane, James R., 92
- Keck, Charles, 326
- Keeley Institute, 247
- Kerner, J. Gilmer ("Reuben
Rink"), 44
- Kerr, William H., 108
- Keystone, 196
- Kilgo, Dr. John C., 199-204, 290
- Kilpatrick, General, 25
- Kimball, William S., & Company,
70, 72, 75, 76
- Kimball, W. S., 75, 77
- King Bee, 193
- Kingsbury, Herbert D., 161
- Kinney Brothers, 65, 70, 72, 75, 76,
80
- Kinney, F. S., 75
- Knapp, Joseph H., 62
- La Eleganzia, 117
- Lambert & Butler, 141
- Lee, General Robert E., 24, 25
- Leeds, Mrs. William B. (Princess
Anastasia of Greece), 276
- Lee, William S., 264-267
- Leidersdorf, Max, 235
- Lemlein, Asa, 60, 62, 126, 127
- Leonard, Mrs., 51
- Libby Prison, 22, 23
- Lichenstein Brothers, 62
- Liggett & Myers Tobacco Com-
pany, 94, 96, 100, 104, 105, 106,
194, 195, 196, 242, 243, 250, 260,
323, 325
- Lillian Russell cigars, 235
- Lincoln, Abraham, 21, 25
- Lincoln, Mrs. Jennie, 180
- Lindabury, Richard V., 170, 173,
177, 183
- Lindabury, Depue & Faulks, 170
- Lindsey, Alfred E., 277-279, 302
- Little, J. J., & Ives Company, 118
- Logan, General, 24

- Lone Jack, 65
 P. Lorillard Company, 94, 96, 100,
 110, 194, 196, 242, 243, 260
 Lorillard, Pierre, 100, 161, 215, 249
 Luce, J. H., 227
 Lucky Strike, 260, 261
 Lucy Hinton, 196
 Luhman, William, 234
 Lyon, Robert, 57

 MacDonald, D. & J., 141
 MacNeill, Ben Dixon, 285-288,
 301, 304, 305
 Maloney, Thomas J., 161
 Mancuso, Judge, 279
 "Manufacturers and Buyers' As-
 sociation of the United States,"
 94
 Marburg Brothers, 84
 Marburg, W. A., 84
 Martin's Navy, 221
 Masterpiece, 251
 "Mastiff," 226
 Mayo, P. H., & Brothers, 101, 194,
 196
 Mayo, William B., 269
 McAlister, William H., 161
 McConichie, Maggie, 64
 McCord, Brady Co., 236
 McCord, Chapman, Greer Co.,
 236
 McCord, Collins Co., 236
 McCredy, William E., 89, 90
 McKinley, William, 130, 156
 McReynolds, James C., 218, 219,
 220, 223, 244, 245, 249
 Mecca, 258
 Mechanic's Delight, 196
 Mellon, Andrew, 268, 269, 271,
 274, 275, 305
 Mellon, R. B., 305
 Mellon's Millions, 270, 272
 Methodist Conference of West-
 ern North Carolina, 199
 Metropolitan Tobacco Co., 236
 Middleton, John, 237
 Milch, Victor, 174
 Miller, Leopold, & Sons, 60
 Miller, Nathan L., 304
 Milliken, Tomlinson Co., 235
 Mitchell, Stephen, & Son, 141
 Mogul, 258
 Monopol Tobacco Works, 192
 Moody, John, 162
Moody's Manual, 162
 Moore & Schley, 101, 123
 Moos, J. & B., 235
 Morgan, J. Pierpont, 158
 Morning Glory, 196
 Morris, Robert F., 26
 Morrison, Mrs. Emma C., 184
 Motley & Company, 132
 Munford, Frederick C., 173
 Murad, 258
 Murai Brothers, 130
 Muriel, 258

 Nall & Williams, 194, 219, 220, 221
 Nashville Tobacco Works, 236
Nation, The, 297
 National Cigarette & Tobacco
 Company, 102, 103, 104
 National Tobacco Works, 83, 94,
 95, 194, 195, 196
 Nave, McCord Mercantile Co.,
 236
 Neptune, 196
 New Garden Academy (Roxboro,
 N. C.), 38
 New Jersey Board of Control of
 State Institutions and Agencies,
 318
News and Observer (Raleigh), 98,
 198, 199, 200, 201, 206, 208, 244,
 285, 304
 Newsboy, 83, 95, 196
New York Herald, 147, 177
New York World, 312

- Niagara Hudson Power Corporation, 323
 Nicoll, de Lancey, 188
 Nobby Spun, 196
 Norfolk & Western Railway, 186
 North Carolina State Board of Health, 321
 Northern Pacific, 158
 Northern Securities Company, 158
 No Tax, 196

 Oasis, 258
 Obak, 258
 O'Brien, William T., 55
 O'Connor, Harvey, 270, 272
 O'Dell, W. R., 204
 Ogden Ltd., 140, 141, 142, 144, 146, 230
 Oklahoma Twist, 196
 Old Gold, 260
 Old Mill, 258
 "Old Virginia Cheroots," 84
 Olmsted, Frederick Law, 299
Olympia, 132
 "Orange of Durham," 43
 Owen, Rev. Marshall, 168
 Oxford University, 299, 321

 Page, Frank, 286
 Page, Walter Hines, 32, 255
 Pall Mall, 251, 258
 Parker, Chauncey G., 173
 Parker, Junius, 170, 173, 180, 181, 211
 Parker, Walter C., 323
 Parkhurst, Dr. Charles H., 187
 Paschal, Marian, 317
 Patterson, D. C., 69, 70, 73, 74
 Patterson, M. C., 237
 Patterson, Rufus Lenoir, 107, 108, 110, 161
 Payne, Col. Oliver H., 92, 93, 101, 102, 119, 122, 123, 149, 161, 215, 245

 Payroll, 196
 Pearl Cotton Mills, 185
 Pence, Tom, 208
 People's Tobacco Company, 219
 Perkins, William Robertson, 280, 295, 307, 308, 323
 Pfingst, Doerhoefer & Company, 82, 83, 94
 Phillips & Crews, 49
 Phillips, F. E., 236
 Picayune, 193, 259
 Pickett, W. P., & Co., 234
 Piedmont, 193, 250, 258
 Piedmont & Northern Railway Company, 323
 "Pinhead," 48, 62
Pioneer Tobacco Merchant in the Orient, A, 134, 155
 Piper Heidsieck, 83, 196
 Pitney, Vice Chancellor Henry C., 173, 175, 182-185
 Planet, 196
 Player, John, & Sons, 141
 Plug Tobacco War, 93, 98, 113
 Poor's Manual, 283
 Pope, John, 75, 77
Post Dispatch (St. Louis), 51
 Powell, Smith & Company, 115
 Pratt, Old Billy, 26
 Price, Sir William, 268
 Princeton University, 321
 "Pro Bono Publico," 31, 34, 37
 Pullman Palace Car Company, 117

 "Quality and Quantity," 96, 196
 Quebec Aluminum Company, 271, 272, 275
 Quebec Development Company, 271, 272
 Queen City Tobacco Company, 229
 Queen Elizabeth, 27

- Rankin, Dr. Watson Smith, 321,
324
Ray, Frank H., 161
Reading Railroad, 184
Recruit little cigars, 250
Red Apple, 111
Red Cross, 196
Red Meat, 196
Reid, Murdock & Co., 235
Reid Tobacco Co., 236
Reynolds, Richard J., 111, 113,
123, 194, 195, 234, 242, 249, 258-
261, 324
Reynolds, William N., 324
Rhea, Madame, 49, 50, 61
Richards, J. L., 229
Richmond Cavendish Company,
141
Richmond Straight Cuts, 74, 193
Riggs, James, 14
Robertson, T. Markoe, 289
Roberts, Parker Mercantile Co.,
236
Robinson, Nelson, 123
Robinson, W. S. O'Bannon, Jr.,
324
Rockefeller, John D., 4, 74, 132,
286, 290, 295, 300, 312
Rockefeller, Mrs. John D., Jr., 121
Rockefeller, Percy, 278
Rogers, H. H., 210
Roney, Anne, 20, 57
Roney, Elizabeth (Aunt Betty),
20, 21, 31, 57, 311
Roney, John, 17, 21, 22
Roney, Mary Trollinger, 17
Roosevelt, Franklin D., 207
Roosevelt, Mrs. Eleanor, 318
Roosevelt, Theodore, 130, 131,
158, 207, 208, 213, 286
Root, Elihu, 104
Rose Leaf, 196
Rosenfeld, Smith Co., 236
Royal Bengals, 197, 226, 227
Ruppert, Henry, 117, 118, 168
Ryan, Thomas Fortune, 102-108,
110, 119, 120, 122-124, 142-145,
158, 159, 161, 215, 245
Saguenay Power Company, Ltd.,
323
Salmon & Gluckstein, 141
Sands, Nellie, 168, 175-183
Saw Log, 196
Scanlon, Joe, 80, 81
Schley, Grant B., 123, 161, 215
Schnapps, 195
Schroeder, Mr., 236
Schultze, Mrs. Thompson, 324
Schwabacher Bros., 235
Seal, Louis J., 168
Seal, Mrs. Louis J., 169
Seed Havana Burns, 226
"Semper Idem," 35
Sherman, General William Te-
cumseh, 24, 25, 29
Siegel, David, 48
Siegel, J. M., 48
Silko, 227
Sing Sing prison, 279
Slade, Abisha, 28
Slade, Eli, 27, 28
Slade, Elias, 28
Slade, Elisha, 27, 28
Slade, Thomas, 28
Slade, William, 28
Sledge, Emma, 180
Sloane, Henry T., 209
Small, Edward Featherstone, 48-
53, 61, 65-66, 80
Smith, F. & J., 141
Smith, R. A. C., 123, 161
Smith, Robert K., 161
Sneed, Jonathan, 6
Soper, Dean Edmund D., 311
Sorg, P. J., Company, 94, 96, 101,
194, 196
Southern Railway, 281

Southern Worsteds Corporation
 324
 Sovereign, 228, 229, 258
 Spaulding & Merrick, 192
 Spearhead, 196
 Sprague, Warner & Co., 236
 Stackpole, Mrs. William Schuyler,
 210
 Stagg, James, 10
 Stagg, Jimmy, 10, 11
 Stagg, Julia, 10, 11
 Stagg, Mary Duke, 7, 11, 18
 Standard Navy, 100, 196
 Standard Oil Company, 74, 85, 92,
 312
 Standard Tobacco Stemmer Com-
 pany, 197
 Stanton, Secretary, 24
 Star, 96, 251
State Chronicle (Raleigh), 98
 Steel-Wedeles Co., 235
 Stewart, I. T., 227
 St. Ledgers, 228
 Stotesbury, Mrs. E. T., 316
 Strong, Alan H., 173
 Strotz, Charles N., 161
 Sub Rosa, 197
 Sullivan, John L., 140
 Suncured, 195
 Sweepstakes, 195
 Sweet Caporal, 65, 66, 193, 258

 Taft, William Howard, 213, 244
 Tennessee Cross Tie, 196
 Terrapin, 196
 Terrell, Herbert L., 92, 102
 Thackeray, William, 45
 Thomas, James A., 131-137, 145,
 150-155
 Thoroughbred, 196
 Three Castles, 132
 Tiger, 260
 Tilley, Nannie M., 28
 Tinsley's Best, 196

Tobacco Leaf, The, 311
Tobacco Plant, 46
 Tobacco Trust, 97-99, 104-111,
 113-129, 138, 160-163, 166, 170,
 174, 180, 190-201, 205-208, 214-
 245, 252, 258
 "Trade Mark Protective Associa-
 tion of Plug Tobacco Manufac-
 turers," 94
Trailing Trade a Million Miles,
 134, 151
 Trinity College, 166, 167, 198-205,
 290, 292-294, 298, 310, 320
 Trumbauer, Horace, 299
Truth About the Trusts, The, 162
 Turkish Trophies, 114, 192, 197

 Union Tobacco Company of
 America, 104, 105, 110, 215
 United Cigar Stores Company,
 125, 126, 127, 129, 197, 215, 223,
 224, 225, 242, 249
 University of North Carolina, 37
 University of Pennsylvania, 107
 U. S. Tobacco Company, 323

 Vanderbilt, Frederick W., 276
 Vanity Fair, 65
 Velvet, 250
 Vickers, Riley, 26
 von Polenz, Wilhelm, 82

 Wake Forest College, 321
 Wanamaker, John, 108
 Ward & Company, 70
 Ware-Kramer Company, 222
 Washington and Lee University,
 280
 Watson, Cyrus B., 204
 Watts, George W., 43, 68, 75, 77,
 117, 123, 161, 255-257
 Webb, Alice, 187-189
 Webster, Col. John R., 98, 198,
 200, 205

- Webster's Weekly*, 98, 198, 200
 Weissinger, Harry, 161
 Welch, Dr. William Henry
 ("Popsy"), 320
 Wells-Whitehead Tobacco Com-
 pany, 193, 219, 222
 Wesley, John, 9
 Wetmore, Moses C., 104
 Wheelman, 196
 Whelan, Charles A., 125, 126, 127
 Whelan, George J., 125, 126, 127,
 225
 Whipple, Sherman L., 274
 White, Chief Justice, 238
 Whitlock, Philip, 84
 Whitney, Harry Payne, 210
 Whitney, W. C., 102, 119, 120,
 122, 123, 149
 Wickersham, Attorney General,
 244
 Widener, P. A. B., 102, 106, 119,
 122, 123, 161
 Wild Duck, 196
 Wills, Sir William (Lord Winter-
 stoke), 143, 144
 Wills, W. D. and H. O., 132, 140
 Wilson, Thomas L. ("Carbide"),
 267
 Wilson, Woodrow, 244, 245
 Woodhouse, John T., 235
 Wright, J., Company, 101
 Wright, R. H., 43, 54, 56, 57, 67
 Wright, W. A., 26
 Wrigley, 311
 Wylie, Dr. W. Gill, 263, 264, 265
 Yale University, 313
 Yuille, Tom, 251
 Zira, 258

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